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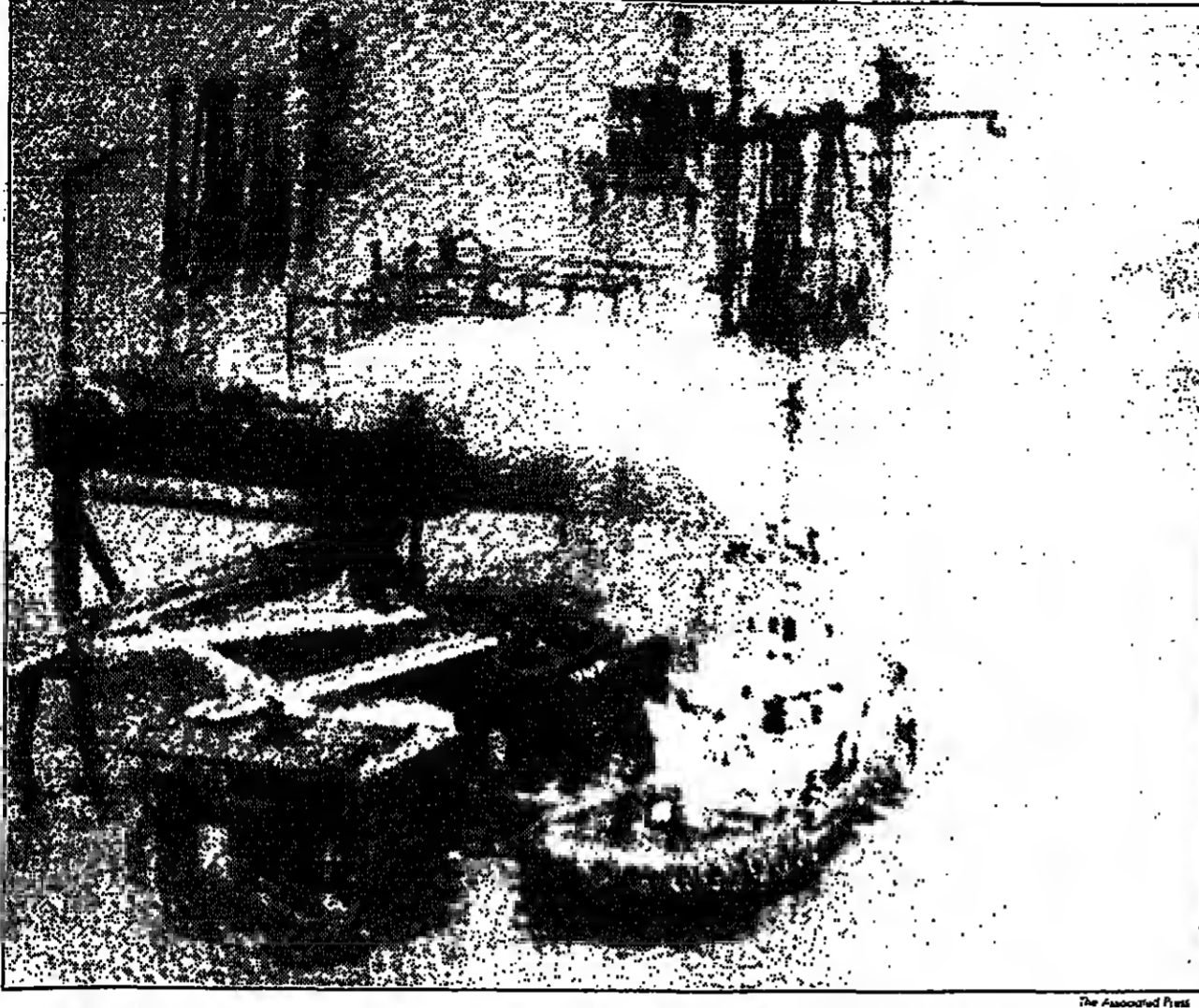
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A Kuwaiti oil-loading platform burning Thursday in the Gulf after being struck by an Iranian Silkworm missile.

Iranian Missile Hits Kuwaiti Oil Terminal

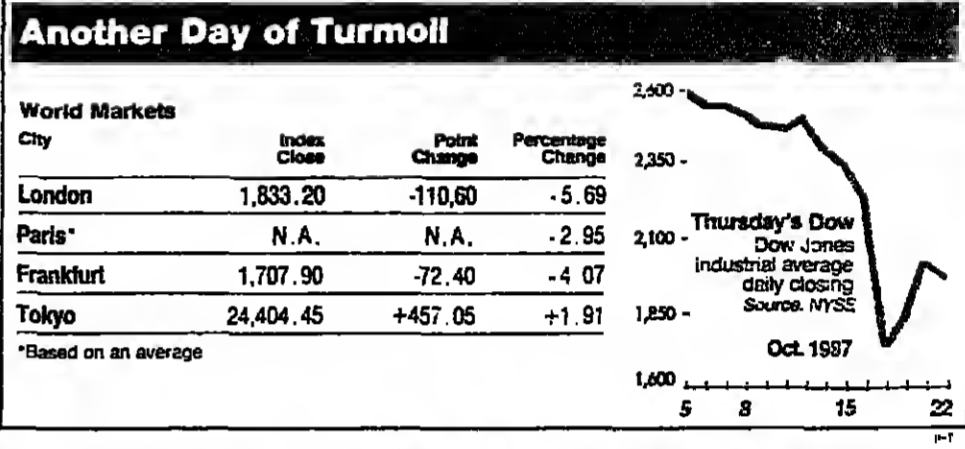
By Patrick E. Tyler Washington Post Service SEA ISLAND TERMINAL, Kuwait — An Iranian Silkworm missile hit this offshore oil-loading platform Thursday, setting tanks ablaze, injuring three workers and thrusting the Arab states closer to a confrontation with Iran.

Dow Falls Sharply Again; NYSE to Limit Trading

Compiled by Our Staff From Dispatches NEW YORK — The Dow Jones industrial average of U.S. share prices slid 77.42 points on Thursday, ending a fragile two-day rally. Trading was extremely volatile and was driven by rumors that the index would soon plunge to as low as 1,300.

Prices Change but the Angst Is Constant

By John Meehan International Herald Tribune NEW YORK — It was a common joke on trading desks as the stock market slid into turmoil on Monday that the only thing up on Wall Street was anxiety.



Kiosk Shuttle Flights Set by NASA

WASHINGTON (AP) — NASA said Thursday that it plans 19 space shuttle flights in the next three years and announced a schedule of 49 satellite launches on unmanned rockets, indicating how thoroughly the agency has ceased its total reliance on the shuttle.

Brodsky Wins Nobel Literature Prize

By Howell Raines New York Times Service STOCKHOLM — Joseph Brodsky, an exiled Soviet-born poet who writes in Russian and English, won the Nobel Prize for Literature on Thursday.



Joseph Brodsky in London on Thursday, after he heard that he had won the 1987 Nobel Prize for Literature.

Stock Rebound Falters Worldwide

The recovery on world stock markets that followed Monday's debacle faltered on Thursday, as investors pulled back after early rallies on the major exchanges.



Traders on the Tokyo Stock Exchange jostling Thursday to complete their transactions. The market opened strong but then lost some of its early advances to profit-taking.



Nancy Reagan, escorted by the president, returning Thursday to the White House. Page 3.

Wider Tool Flow to Soviets Alleged

By Joseph Fitchett International Herald Tribune PARIS — Norwegian police accused industrial companies in four West European nations and Japan on Thursday of conspiring with Norway's state-owned arms-maker, Kongsberg Vapensfabrikk, to smuggle computer-controlled machine tools to the Soviet Union and China.

Reaganomics: A Turning Point

Market Crash Gives Skeptics Some Tangible Evidence By Robert Pear New York Times Service WASHINGTON — The stock market collapse has given many economists who have been critical of Reagan administration economic policies the prominent, tangible evidence they have sought to make their case more strongly.

Reaganomics: A Turning Point

Market Crash Gives Skeptics Some Tangible Evidence By Robert Pear New York Times Service WASHINGTON — The stock market collapse has given many economists who have been critical of Reagan administration economic policies the prominent, tangible evidence they have sought to make their case more strongly.

Vertical text on the left margin: PEOPLE's Legal Slip, A WORLD OF OPPORTUNITY, PORTUGAL, RANSCO, Page 10

For London's Poor, Bed-and-Breakfast Hotel Rooms

By Francis X. Clines
New York Times Service
LONDON — "Sitting in that tiny room, listening to my sister raving, I may as well be back in a prison cell," said Patricia Stafford, a former drug addict and robber.

She is trying to get back on her feet in the confines of the oddest imaginable down-and-out shelter: a narrow bed-and-breakfast hotel room with the gleam of Victoriana on the outside and gloom within.

The housing of the poor in seemingly quaint bread-and-breakfast rooms — a tucking away of desperation amid the faded antimacassars of an earlier age — is the fastest growing and most expensive new welfare development in Britain.

In the last 15 months, the practice has skyrocketed, with 8,000 London hotel rooms now taken up by the poor and 10 more rooms a day going on the welfare rolls as B and B, as the bread-and-breakfast formula is known.

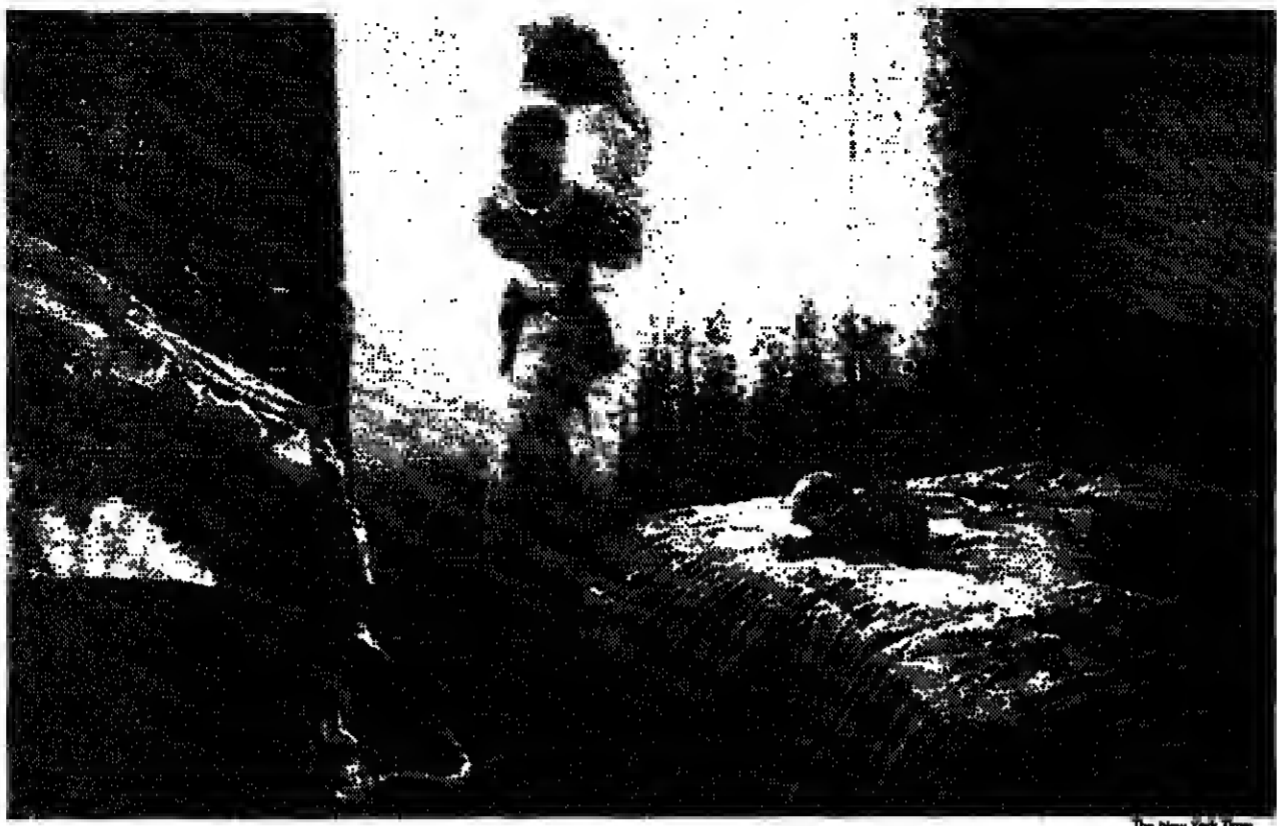
Gentrification and privatization are shrinking the available housing for the London poor at such an alarming rate that hard-pressed local governments have had to use B and B as the shelter of last resort.

With the Conservative government of Prime Minister Margaret Thatcher sharply reducing the capital funds available for localities to build new public housing for the poor and encouraging the open-market sale of existing units, the borough governments are reeling.

They complain they are forced to use local taxes to cover the rising cost of temporary welfare shelter, with the London B-and-B budget growing tenfold in five years, to more than \$160 million.

The poor, in turn, complain that local budgets are issuing harsh budget-cutting standards that prod the needy to move out of traditional neighborhoods.

Rents typically running at



A mother and child in a bed-and-breakfast room, one of many being used by the London authorities to house the poor.

more than \$350 a week for Patricia Stafford and her sister, Anne, in a single room with no bath are a lucrative attraction for landlords who have begun renovating additional B-and-B rooms for the poor.

"I'd go mad myself if I didn't have this place to come to," Miss Stafford said of the Field Lane Center, one of the private charities that have begun special programs for the B-and-B residents.

In the busiest B-and-B welfare ground, Bayswater near Paddington Station, one young mother waiting 29 months in a B and B for a permanent welfare apartment of her own said she regularly visited a friend's home so her

neighborhoods complain they are receiving notice to head home for Irish welfare.

Homelessness and street squatting are on the rise, according to a project worker, Helen Crane, as the construction of housing for the London poor has fallen from an average of more than 20,000 units a year in the 1970s to little more than 1,000 lately because of the national government's cut local capital borrowing authority by two-thirds.

Such social welfare leaders as Lord Scarman are warning that another "Fagin's London" will evolve as small children are idly peeped up behind the hotel facades near railroad stations.

"Societies breed their own slums," warned Lord Scarman, the president of the International Year of Shelter for the Homeless.

In that role, he is urging Britain to rebuild its dwindling stock of housing for the poor by permitting the diversion of emergency housing funds to capital construction.

Lord Scarman estimates that it costs at least one-third less to build new housing or renovate than it does to shelter people in bread-and-breakfast units.

"In many ways bed-and-breakfast hotels must be Britain's equivalent of the shantytowns of the Third World," he said.

NATO Leaders May Meet After Summit

By James M. Markham
New York Times Service

PARIS — Amid deepening concern over the inroads of Soviet diplomatic efforts on West European opinion, senior NATO diplomats are exploring the idea of a meeting of alliance leaders after an expected encounter between President Ronald Reagan and Mikhail S. Gorbachev this autumn.

As explained by various U.S. and West European diplomats, a gathering in Brussels of North Atlantic Treaty Organization heads of state and government might avert the kinds of rifts that opened between Washington and its allies after Mr. Reagan and Mr. Gorbachev discussed sweeping arms control proposals in Reykjavik a year ago.

A NATO conclave could also provide Mr. Reagan with a platform to reassure the allies of the U.S. commitment to the defense of Western Europe, while permitting the alliance to lay down its own markers for its future course rather

than simply responding to Mr. Gorbachev's initiatives.

"There has been a certain disorientation in public opinion as to where we're going," said a European diplomat involved in the soundings for an alliance gathering. "The international scene has changed very sharply, and there's a feeling that this is looking to be a good time for alliance leaders to get together and provide clear signals for public opinion."

On the assumption that a Reagan-Gorbachev meeting might take place toward the end of November, crowded by the signing of an accord to eliminate the superpowers' medium-range missiles, NATO diplomats are exploring the possibility of upgrading a scheduled foreign ministers' meeting to Brussels on Dec. 11 and 12 to a gathering of heads of state and government.

"If I had to bet, I think it would happen," said a U.S. envoy, adding that such a meeting could "create reassurance that we're not remarking the world." But he and other

officials to various capitals emphasized that planning for a NATO meeting had been kept purposely low-key so as not to put pressure on U.S. negotiators who are striving to conclude the missile pact.

The discussion for the NATO gathering is taking place against the backdrop of a debate to West European capitals over how to deal with the challenge posed by Mr. Gorbachev's ability to portray the Soviet Union as a champion of peace and disarmament. In some public opinion polls the Soviet leader emerges as more popular than Western politicians.

One feature of this debate has been enthusiasm in West Germany for Mr. Gorbachev's policies of "openness" that contrasts — at the official level — with a considerably more skeptical approach in France and Britain. The most vocal champion of encouraging Mr. Gorbachev's course has been the West German foreign minister, Hans-Dietrich Genscher.

In St. Paul, Minnesota, earlier this month, Mr. Genscher argued that developments in the Soviet Union might constitute a "turning point" in East-West relations and that West German leaders "will not allow ourselves to be shackled by outdated thinking and deep-seated antipathies."

During a six-day visit to West Germany this month, Anatoli F. Dobrynin, a senior adviser to Mr. Gorbachev, argued that there was "a historic possibility" to turn what

he called "a new page in West German-Soviet relations." He urged West Germans to abandon their "old prejudices" about his nation.

The Soviet foreign minister, Eduard A. Shevardnadze, is expected to visit Bonn next month, while Chancellor Helmut Kohl said last week that he expected to meet with Mr. Gorbachev "to the not too distant future."

In Paris and London — capitals that Mr. Gorbachev has already visited — the intensified Soviet attention being given to West Germany has aroused a certain amount of concern. At a high-level gathering of military experts in Paris last week, Dr. David Owen, the former British foreign secretary, predicted that Mr. Gorbachev might eventually make a spectacular gesture by ordering the destruction of the Berlin Wall.

At NATO headquarters in Brussels, officials are working to come up with responses to a blitz of Soviet proposals, including one for comparing the Warsaw Pact's military doctrine with that of the Atlantic alliance. Moscow has also proposed creating a demilitarized zone in the Baltic region — an evident attempt to deter the United States from assigning nuclear submarines to the NATO command.

"There has been a temporary public relations disadvantage," a NATO spokesman, diplomat said. "We haven't learned to react fast enough. It is inherent in our system of a very slow and democratic opinion-building."

Indians Hold One-Third of Jaffna City

By Peter Maass
Washington Post Service

COLOMBO, Sri Lanka — Indian troops occupy only about one-third of Jaffna after 13 days of heavy fighting to wrest control of the northern Sri Lankan city from Tamil rebels, an Indian official said Thursday.

The official, with the Indian High Commission, also said that the Indian Navy had landed commandos at a rebel stronghold on the western coast of the city, but gave no details.

The official displayed a map at a news briefing indicating that about a third of the city had been seized from rebels of the Liberation Tigers of Tamil Eelam, the main guerrilla group.

Indian troops have been advancing on Jaffna to disarm the Tigers and force compliance with an Indian-Sri Lankan accord designed to end the Tamil separatist revolt.

Earlier this week, an Indian official said the troops had seized control of the city center and were "mopping up" rebel resistance. But a Sri Lankan journalist who had visited the city said Wednesday that the Tigers were still largely in control there.

About 20,000 Indian troops have been sent to Sri Lanka to enforce the pact signed in July. It provided for the surrender of arms by Tamil guerrilla groups.

The official said that after 13 days of fighting the Indians controlled important buildings, including the railroad station and the Jaffna Hospital.

The official said there was no response yet from rebels to repeated appeals by Indian forces on Wednesday to surrender their weapons.

A Sri Lankan journalist just back from Jaffna quoted the deputy leader of the Tigers as saying that about 600 fighters had volunteered to form suicide squads against Indian troops to allow main Tamil units to escape from the besieged city.

The Sri Lankan Parliament voted Thursday to extend for another month a state of emergency imposed to May 1983 when widespread violence between the majority Sinhalese and minority Tamils swept the island.

An opposition member, Anil Moonesinghe, asserted that dozens of civilians had been killed by Indian soldiers in the fighting.

The Indians have denied that large numbers of civilians have been killed and have said that special precautions were being taken to minimize civilian casualties even though this was slowing the soldiers' advance.

India Drops Food Aid
The state-owned All India Radio said Indian Air Force planes dropped 2,000 food packets over the Jaffna Peninsula on Thursday for Tamils displaced by the fighting, Agence France-Press reported from New Delhi.

New Protests Force Roh To Cancel A Speech

By Peter Maass
Washington Post Service

SEOUL — Hundreds of stone-throwing demonstrators clashed Thursday with riot policemen at two provincial campaign rallies in an escalation of protests against Roh Tae Won, the South Korean ruling party's presidential candidate. Mr. Roh was forced to cancel one speech and delay another.

The incidents have created fears in the Democratic Justice Party that more protests against Mr. Roh will break out as the December election nears.

The party secretary-general, Chung Suk Mo, was quoted by local newspapers as saying the protests could turn more radical. "That is what we had feared most about a direct presidential election," he said. "Such acts will occur more frequently."

Reacting to the demonstrations, the police said they would crack down to prevent further anti-Roh protests. Reports said the police planned to set up special units that will pursue people directly and indirectly responsible for campaign protests.

Twenty, 15 persons have reportedly been arrested and eight others are being sought by the police for the anti-Roh protests in Kwangju on Wednesday.

During the Kwangju protests, Mr. Roh was prevented from giving an impromptu speech after a tear-gas grenade exploded near him. Choking, Mr. Roh was escorted away by security guards. In other incidents, he was pelted with eggs and several protesters are said to have called out for his execution.

A former general and close ally of President Chun Doo Hwan, Mr. Roh is making a campaign tour of the Cholla region, a center of anti-government sentiment. In 1980, at least 200 people were killed when government troops crushed an uprising in Kwangju, the Cholla capital.

The incidents Thursday occurred in Iri and Jongju, two adjacent towns in the Cholla region. In Iri, several hundred students reportedly clashed with the police to front of the railroad station shortly before Mr. Roh was to deliver a speech there. As the students threw stones and shouted anti-Roh slogans, the police fired several volleys of tear gas. The rally and speech by Mr. Roh were delayed for about 30 minutes.

In Jongju, at least 100 protesters demonstrated outside a gymnasium where Mr. Roh was to inaugurate a new campaign organization.

Mr. Roh was forced to enter the gymnasium through a back door, and he canceled a speech that he was to deliver outside.

Meanwhile, in a separate development, the rift between the two opposition leaders, Kim Dae Jung and Kim Young Sam, appeared to widen after the two men held an inconclusive negotiating session.

In their first meeting to several weeks, the two men again failed to decide which one would run as the opposition candidate. Kim Young Sam called for a showdown vote at a convention of the opposition Reunification Democratic Party, but Kim Dae Jung described the proposal as inappropriate.

Many political analysts say it is increasingly likely that the Reunification Democratic Party will break up over the candidate issue.

WORLD BRIEFS

Progress Reported in Arms Talks

MOSCOW (Reuters) — Secretary of State George P. Shultz and the Soviet foreign minister, Eduard A. Shevardnadze, made progress on arms control and other issues at talks in Moscow on Thursday, spokesmen for both sides said.

The State Department spokesman, Charles E. Redman, and the Soviet Foreign Ministry spokesman, Gennadi I. Gerasimov, said the ministers held two rounds of constructive discussions in the morning and afternoon, and headed into a third meeting in the evening.

Mr. Redman said that Mr. Shultz and Mr. Shevardnadze were making progress toward completing a treaty to ban medium- and shorter-range nuclear missiles but that problems remained over verification and a timetable for dismantling the weapons.



George P. Shultz and Eduard A. Shevardnadze joking together Thursday before starting talks on nuclear arms.

Hindus Seal Off Area in New Delhi

NEW DELHI (Combined Dispatches) — Hundreds of Hindus sealed off a posh district here Thursday, closing shops and dismantling makeshift temples, to protest the killing of 11 people in an attack Tuesday by Sikh guerrillas, the police said.

Concrete poles were dropped across access points to the Bengali-Hindu-dominated Chittaranjan Park area, which was declared out of bounds to policemen, city buses and outsiders. Witnesses said the Hindus hurled bricks at policemen, chased away visiting politicians and ordered local residents to boycott Diwali, the annual Hindu festival of lights.

Meanwhile, in Amritsar, a rally planned by militant Sikhs at the Golden Temple failed to materialize as about 200 paramilitary government policemen surrounded the Sikh shrine while other policemen enforced a curfew to virtually deserted streets. The Sikhs had vowed to hold the rally despite official opposition and the arrests of about 250 militants since Monday.

Rebel Victory in Angola Is Reported

JOHANNESBURG (Reuters) — Anti-Communist rebels in southern Angola, backed by the United States and South Africa, have defeated a major offensive by Soviet-directed Angolan government troops, diplomatic sources said here Thursday.

Earlier, Radio South Africa quoted the guerrilla leader, Jonas Savimbi, as saying that the Marxist government's forces were retreating after fighting near the Lomba River. A long-range bombardment by South African artillery played a crucial role in turning back the offensive, one of the biggest since the civil war began in 1975, the sources said.

Mr. Savimbi, head of the National Union for the Total Independence of Angola, told South African radio that the drive on his front-line stronghold of Mavinga had been "practically stemmed." According to the diplomatic sources, the offensive started slowly but was better equipped and better organized than in previous years.

Protest by 2 Million Planned in Dhaka

DHAKA, Bangladesh (AP) — The three major opposition alliances in Bangladesh have combined forces for a confrontation next month to force the government to resign, a senior leader of one of the alliances said Thursday.

Mohammed Arifin said the alliances hope to assemble more than two million people outside Dhaka to try to immobilize the government on Nov. 10. The plan was announced two days after a 48-hour general strike. The opposition launched a movement July 12 against the government of President Hussain Mohammed Ershad after the parliament's passage of a controversial bill giving representation to the army in the running of the district administrations. General Ershad has threatened to take constitutional measures to stop the demonstrations.

TRAVEL UPDATE

Fog Shuts Moscow Airports a 5th Day

MOSCOW (Reuters) — The worst fog here in more than a century kept the Soviet capital's airports closed for a fifth consecutive day on Thursday, with chaos growing as thousands of hungry, sleepy travelers packed air terminals.

"By our count, about 35,000 passengers were crowded into the capital's airports," said Lev Ilichuk of the Civil Aviation Ministry. "Half of them are there permanently — they are transit passengers who cannot go home at night."

Weathermen said the fog set an all-time record on Wednesday for the month of October in Moscow. One newspaper said city transport officials had failed to cope with the situation, allowing passengers to board buses bound for air terminals without telling them the airports were closed.

Torrential rains eased over Northern Ireland on Thursday after a 24-hour downpour that flooded buildings, blocked roads and left thousands of acres of farmland under water. Flooding hit the western part of the province hardest.

DOONESBURY



GULF: Iran Hits Kuwaiti Terminal

(Continued from Page 1)

were patrolling the waters near the terminal, and a half-dozen oil tankers were riding at anchor between Sea Island and Mina al-Ahmedi refinery.

No crude oil is stored at the terminal, and the Silkorm warhead ignited only a small amount of oil in tanks where the overflow from loading operations is dumped.

[Insurance rates for cargoes in the Gulf were increased 50 percent by London underwriters Thursday following the attack. The Associated Press reported.]

On Oct. 15, in the first successful Silkorm strike on a Kuwaiti target, Iran missile batteries 50 miles north of Sea Island ripped a hole in a U.S.-owned, Liberian-flag oil tanker, the Sungari, anchored little more than a mile from Sea Island.

A second Silkorm was launched 24 hours later and ripped into the bridge tower of the U.S. flag tanker Sea Isle City as it was maneuvering to take on crude oil at the Sea Island terminal.

Those missile strikes prompted the United States to mount its first retaliatory attack on Iran, smashing an Iranian oil platform in the central Gulf with naval shells.

Iran reported the missile strike on Tehran Radio on Thursday but did not acknowledge responsibility.

An Iranian military commander said Iran planned to announce a "general mobilization" next week to ask "everyone who can to take part" in a struggle against the United States, according to the Tehran newspaper Ettelaat.

As the attack occurred, four U.S. warships were hundreds of miles to the south escorting two reflagged Kuwaiti tankers toward the Strait of Hormuz.

Islamic Jihad Threat

The pro-Iranian captors of American and French hostages said Thursday that thousands of suicide bombers had been readied for attacks against the U.S. Navy and European forces in the Gulf. The Associated Press reported from Beirut.

The typewritten statement in Arabic from Islamic Jihad was delivered to a Western news agency in Beirut. It was accompanied by black-and-white photographs of an American hostage, Terry A. Anderson, and a French captive, Jean-Paul Kauffmann.

The group encloses photographs as a sign of authenticity of its messages.

The attacks will be patterned after the Oct. 23, 1983, bombings that demolished the headquarters of the U.S. Marines and French paratroopers in Lebanon, the statement said.

The bombings, carried out by suicide truck drivers, killed 241 American servicemen at the Marine Corps base and 58 Frenchmen at the other post. Both nations later withdrew their forces from Lebanon.

"Thousands of our suicide martyrs are in the Gulf waiting for the proper moment to make a new glory for Islam and the Moslems," the statement said.

TOOLS: European Ring Alleged

(Continued from Page 1)

met French officials in Paris on Thursday at the start of a long-scheduled trip to press allied nations to enforce export controls more vigorously. The Norwegian revelations came at a convenient time to reinforce the U.S. arguments.

French sources confirmed that a French company implicated in the Norwegian case, the defunct machine tool-maker Ratier-Forest, was discussed in the Paris talks. But Alan Wendt, leader of the U.S. delegation, was quoted by participants as expressing U.S. reassurance about the case, which he said had not given the Soviet Union significant extra naval capability.

Kongsberg's violations of COMCOM regulations surfaced early this year when investigators learned that in 1983 Kongsberg and Toshiba Corp., the giant Japanese manufacturer, had supplied state-of-the-art milling tools enabling the Soviet Navy to make much quieter submarine propellers. That delivery, of nine-axis lathes capable of turning out very complex surfaces, overshadowed the newly discovered smuggling cases in which Kongsberg is implicated.

But Thursday's report, the result of an investigation started after the Toshiba-Kongsberg case, revealed a web of Kongsberg dealings with the Soviet Union, involving a half-dozen European intermediaries.

Kongsberg's Illegal Exports

The report said, included three machines from Ratier-Forest in 1978, 32 milling machines from a West German firm, Schies A.K. of Düsseldorf, five machines from another West German firm, O. Dörries in Düren; an undisclosed number, apparently turbines, from a third West German firm, Donawerke in Passau, near the Austrian border; 23 machines from a Rome-based firm, INNSE Innocenti Santeustachio, a subsidiary of Finsider and part of IRI, Italy's giant state-owned holding company; and two machines, which apparently went to China, from KMT in Britain.

Most companies could not be reached for comment. But a Schies executive, Mandred Hanning, while confirming that his company had sold multi-axis milling machines to the Soviet Union, said that the sales had West German government approval and that his company believed that the Kongsberg control systems had also been approved for export.

U.S. Moves on China Sales

The United States moved Thursday to limit the sale of some high-technology items to China because of its sale of Silkorm missiles to Iran. Agence France-Press reported from Washington. The United States has urged Beijing for several months to not sell the missiles to Iran.

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Paraguay Rally Turns Violent

The Associated Press

ASUNCION, Paraguay — A union spokesman said 25 persons were injured Wednesday when policemen wielding nightsticks and electric prods broke up an anti-government rally by banking and construction workers. The police declined comment.

SHERIDAN MORLEY
INDEPENDENT WRITER
RESIDING IN
CENTRAL LONDON

Reagan Wants Quick Meeting With Congress on Deficit Cuts

WASHINGTON — President Ronald Reagan said Thursday that he wanted to meet promptly with Democratic and Republican congressional leaders to talk about deficit reduction steps, hoping to keep spending and taxes "as low as possible."

Earlier Thursday, the Democrats in Congress said that they would push forward with deficit-reduction legislation that might include financial markets, citing the president's statement.

Mr. Reagan issued his statement in a House Speaker Jim Wright, Democrat of Texas, said that Democrats wanted a meeting to get the president's assurance that planned deficit reduction talks would not be a charade.

"All we seek will be his assurance that nothing will be out of bounds, including taxes, Mr. Wright said.

The Senate Republican leader, Sen. Dole of Kansas, said the first meeting could take place as early as today.

The Democrats, who control both houses of Congress, called for an "economic summit meeting" with the Republican president, the president's press secretary said.

The White House has sent mixed signals about whether the president is willing to reverse his longstanding opposition to tax increases as

part of any compromise on finding ways to lower the budget deficit.

The White House hinted Wednesday that Mr. Reagan might consider a tax increase and "listen" to Democratic proposals, but the president also said: "I'll listen to them if they'll listen to me about the fact that raising taxes has always resulted in a lowering of revenues."

Mr. Reagan said Tuesday, a day after the dramatic plunge in stock prices, that he wanted discussions "undertaken with the bipartisan leadership of the Congress." Analysts blamed the plunge in part on investor concern over the budget deficit.

During Mr. Reagan's presidency, the annual deficits have more than doubled the national debt, pushing it past \$2.3 trillion.

Mr. Wright and the Senate majority leader, Robert C. Byrd of West Virginia, said Wednesday that they wanted the discussions to include a meeting with the president. White House aides left open the question of whether the president would participate.

But Mr. Reagan's statement Thursday said, "I want to meet with the bipartisan leaders of Congress as soon as possible to arrange the procedure for deficit reduction discussions."

"As I have said previously, everything is on the table with the exception of Social Security and there are no other preconditions. I

hope that Congress will also agree to put everything on the table.

"This matter requires that both sides make contributions and develop a package that keeps spending and taxes as low as possible."

Mr. Dole said the budget negotiations are "precisely what we need to reassure the public and the financial markets."

Representative William H. Gray 3d, Democrat of Pennsylvania and chairman of the House Budget Committee, said Mr. Reagan's decision to participate and put taxes on the table were "essential."

"This seems a hopeful beginning," he said.

Pete V. Domenici of New Mexico, the senior Republican on the Senate Budget Committee, said the stock market crisis might provide the impetus to get the deficits under control before it is too late.

"There is nothing so exhilarating as to be shot at and missed," he said, paraphrasing Winston Churchill, "and I think that's where we are today."

Mr. Dole said that, based on initial discussions between administration and congressional officials, negotiators would be looking at deficit reductions of \$23 billion or \$24 billion, but added, "It could go even further."

Mr. Wright said that Reagan aides seemed willing to negotiate, even to the extent of discussing additional revenue, although the president has vowed repeatedly to resist tax increases. (AP, NYT)



Alejandro Duarte, a son of and an adviser to President José Napoleón Duarte of El Salvador, chatting with reporters after a meeting with Salvadoran rebel leaders in Caracas.

President of Honduras Urges U.S. to Set Aside Contra Aid Till January

By Neil A. Lewis
New York Times Service

WASHINGTON — President José Azcona Hoyo of Honduras has urged that U.S. military aid to the Nicaraguan rebels be suspended at least until January.

Mr. Azcona, the closest supporter of United States policy in Central America, suggested Wednesday that money be put aside until it is clear whether the Nicaraguan government is complying with the Central American peace accord.

Like President José Napoleón Duarte of El Salvador, who visited Washington last week, Mr. Azcona apparently felt obliged to take that position, in the face of U.S. support for the rebels, because he signed the peace accord. The accord requires a suspension of aid to the rebels, known as contras.

Mr. Azcona strongly suggested that he expected the Nicaraguan government would fail to comply with the regional peace accord. He said the United States should be prepared in that event to rearm the contras.

"Right now the aid to the contras should be suspended, and it has been suspended," he said. "But what definitely should not be done is to make a decision that would close down the possibility of aid to the contras in the future. That would torpedo the peace process."

Mr. Azcona said that if military aid to the contras was suspended,

the Sandinist government in Managua would not be able to use continued U.S. support of the rebels as an excuse not to comply with the accord.

Any money intended for the contras, Mr. Azcona said, could be placed in escrow until Jan. 7, when the Central American presidents are to meet to judge whether their countries — Nicaragua, Costa Rica, Honduras, Guatemala and El Salvador — are complying with the accord they signed in August.

He said that perhaps a congressional vote on a White House request for aid could be delayed until after Jan. 7.

President Ronald Reagan has said he intends to ask Congress sometime before Nov. 26 to provide \$270 million in aid for the contras that could be used for any purpose, including military needs.

But Mr. Azcona, like Mr. Duarte, noted that the treaty requires an end to outside help to insurgent groups and thus binds the parties to take a position opposite to that of the Reagan administration.

■ Other Developments

● The Inter-American Dialogue, an unofficial but influential group of prominent people from the United States and Latin America, called on the United States on Wednesday to negotiate directly with Nicaragua to resolve U.S. security concerns in the region, The Washington Post reported.

It also urged Nicaragua to negotiate with the contras on a cease-fire agreement.

The group's appeal was announced by its co-chairman, Sol M. Linowitz, former U.S. ambassador to the Organization of American States and negotiator of the Panama Canal treaties, and Daniel Oudner, the former Costa Rican president.

● The contras issued a statement Wednesday saying they had released 20 Nicaraguan clergymen captured by a contra brigade on Oct. 8, according to The Post. The contras said an American peace activist, Paul A. Fisher, who also had been abducted recently, would be released "as soon as conditions conducive to his safe return" were met.

● Salvadoran rebel leaders and government negotiators, meeting in Caracas, agreed to hold a second day of talks Thursday in their effort to reach a cease-fire agreement, a Salvadoran government spokesman said.

State Dept. Offers Early Retirement

WASHINGTON — The State Department, which plans to eliminate about 1,270 jobs because of budget cutbacks, has been given permission by the Office of Personnel Management to offer voluntary early retirement to its civil service employees.

A department spokeswoman, Jilly Oakley, said Wednesday that as many as 500 persons may be able to take the offer.

Department officials, anticipating a shortfall of about \$84 million in the operating budget for the 1987 fiscal year, are preparing far-reaching cuts, from consolidating offices within the department to closing two small embassies and 13 consulates.

However, the core of the reorganization program will involve eliminating up to 1,300 Foreign Service and civil service jobs, most of them in Washington, through early retirements and, if necessary, a furlough in force that would mean voluntary layoffs.

Department officials are expected to ask Congress to amend the law governing the Foreign Service to permit both early retirement incentives and a reduction in force, a law that would mean voluntary layoffs.

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To Alter Perceptions, Republican Hopefuls Wax Compassionate

By Bernard Weinraub
New York Times Service

WASHINGTON — Republican presidential contenders are voicing a passion for compassion.

Senator Bob Dole's grandparents were on welfare, his parents were poor and he endured a leg wound in World War II. Recently the Kansas senator said, "All that personal experience, nothing very heady about it, has made me a very strong person, and a very sensitive person when it comes to the handicapped and other vulnerable groups in America."

Vice President George Bush says the Republican Party is the party of Lincoln. "Our whole history was protecting those who needed protection and making this a kinder nation," he said. "Prosperity with a purpose means helping your brothers and sisters, whoever they are, whatever their needs."

Representative Jack F. Kemp of New York says the party must open itself to racial minorities and blue-collar workers and shed the image of a party representing "the country club set." Mr. Kemp adds: "It has to be done with a sense of what I call progressive conservatism. Make our party the party of civil rights and of human rights and voting rights and legal rights and economic opportunities for all people."

"The compassion issue is a very serious concern among Republicans," said Ed Rollins, a former White House political director who is chairman of the Kemp campaign.

"If you look back at the last seven years," he said, "you see that because of the strong defense buildup and tax reduction, the president was forced to cut other budget items. The perception out there is that the Reagan administration is anti-poor, anti-elderly, anti-veteran, anti-environment. It's important that we go out and articulate the message that we do care."

Larry Sabato, a campaign specialist who is a professor of government at the University of Virginia, observed: "Republicans are raising the issue of compassion because

"Kemp for years has been preaching the need for Republicans to show compassion. He started it. Dole picked it up in the last six months. He began talking about his childhood and his war wound and the fact that the government has got to help people in need. Dole and Kemp are both trying to isolate Bush. And the Bush people knew he was getting hit over the head on the issue, so he began talking about compassion, too."

Certainly this theme is not new to presidential politics. Among the Democrats, Franklin D. Roosevelt, Harry S. Truman, John F. Kennedy and Lyndon B. Johnson addressed the need to help the needy, and on the Republican side, Richard M. Nixon sought to grapple with the poverty issue, although he did so less in his 1968 presidential campaign than in his presidency.

In some ways, the 1988 campaign theme emerged fully when Mr. Bush, in formally announcing his candidacy on Oct. 12, went out of his way to discuss civil rights and express concern for Americans who are impoverished.

"There are those who help need, there are those who have been hurt — and, far as I'm concerned, we will never be a truly prosperous nation until all within it prosper," he said.

Kevin Phillips, a Republican analyst, said Mr. Dole's decision to take up the compassion theme caused the Bush campaign to move in the same direction after it realized that "Dole was scoring there, and Bush had to show that side of him more."

The issue has not played a central role in other Republican campaigns, those of former Governor Pierre S. du Pont 4th of Delaware, Alexander M. Haig Jr. and Pat Robertson. Moreover, Mr. Kemp has criticized Mr. du Pont's proposals that virtually all poor people should be compelled to work at one job or another. ("If you don't work, you don't get paid," Mr. du Pont says.)

'The perception out there is that the Reagan administration is anti-poor, anti-elderly, anti-veteran, anti-environment.'

— Ed Rollins, former White House aide

Senate Opens Bitter Debate Over Bork

By Edward Walsh
Washington Post Service

WASHINGTON — The Senate has begun its long-delayed debate over the Supreme Court nomination of Judge Robert H. Bork with a clash over the process that has brought the nominee to the verge of almost certain rejection.

The initial tone Wednesday and Thursday suggested that the debate may be a bitter replay of the charges and countercharges made by both Judge Bork's critics and his defenders in the weeks before the Senate Judiciary Committee's hearings began last month.

There also was no indication of how long the debate would last.

With Judge Bork's wife, Mary Ellen, and his son, Robert Jr., watching Wednesday from the visitors' gallery, Senator Joseph R. Biden Jr., chairman of the Judiciary Committee, opened the debate by describing the nominee's views as a threat to "the traditional core of our national character and our constitutional history."

Mr. Biden, a Delaware Democrat, said that Judge Bork was the victim of "hunch mobs" were "nothing but a smoke screen to distract the Senate and the American people" from the judge's testimony at committee hearings.

It quickly became evident, however, that Judge Bork's supporters intend to use the debate to discredit the confirmation process, particularly the campaign waged by liberal groups against the nomination.

Senator Orrin G. Hatch, a Republican of Utah who is one of Judge Bork's most outspoken defenders, said the nominee had been victimized by "a dirty tricks political campaign." Holding copies of full-page newspaper advertisements by People for the American Way and the National Abortion Rights Action League, Mr. Hatch said that the two anti-Bork messages contained 151 "falsities, slanders and distortions."

With 54 senators publicly committed to vote against confirmation, the Senate majority leader, Robert C. Byrd of West Virginia, called for debate to end before the end of the week. But Mr. Biden's attempts to reach an agreement with Senate Republicans on a deadline for the full Senate vote have so far failed. A handful of Judge Bork's conservative supporters object to a time limit.

On Thursday, Bork supporters accused civil rights and women's groups of engaging in "character assassination" and "the big lie" in seeking to defeat Judge Bork.

"The political propagandists apparently have won the war against Judge Bork," said Senator Steven D. Symms, Republican of Idaho, on the second day of debate began. "Liberal propagandists have worked feverishly."

Senator Daniel K. Inouye, however, said the nomination had received fair treatment in the Senate. Weeks of committee hearings on Judge Bork were "fair, just, open, candid and very democratic," said Mr. Inouye, Democrat of Hawaii.

U.S. Armory in Europe Is Called a 'Sieve'

By John M. Broder
Los Angeles Times Service

WASHINGTON — Sloppy security and record-keeping at U.S. Army posts in Europe endangered billions of dollars worth of military supplies, including highly sophisticated U.S. weapons, a congressional study warns.

The goods are exposed to theft by terrorist groups or to diversion for profit, the study by the General Accounting Office said.

At a post in West Germany, a supply officer searched almost a year for 24 Stinger anti-aircraft missiles after the army requested them for exercises elsewhere. At another post, an army battalion lost a Chaparral surface-to-air missile. Elsewhere, a military guard station was found unmanned with a note stuck to the door reading, "Be back in 5 minutes."

The report, made public Wednesday, detailed numerous other security breaches that left Stinger, Dragon and TOW missiles, as well as anti-tank rockets, hand grenades and ammunition vulnerable to theft or sabotage.

The security of the Stinger missiles is particularly sensitive because the Stinger is the army's most effective portable anti-aircraft missile and the Pentagon has tried to keep it from falling into unfriendly hands. A shipment of Stingers sold to the Afghan rebels was hijacked by Iran this spring, and one missile reportedly was fired at a U.S. military helicopter patrolling in the Gulf two weeks ago.

"There is simply no excuse for the kind of laxity that has occurred," said Senator Pete Wilson, a Republican from California, who initiated the investigation that led to the report. "The army's known for some time that the missiles are not properly secured. And yet they have failed to take corrective steps, which is unconscionable."

An army spokesman disputed Mr. Wilson's comments and the report.

"The army had procedures to account for the missiles that were adequate to the purpose," the spokesman said. "We were not missing any missiles." He acknowledged, however, that the army "has taken actions to improve those procedures to make them better."

The report is part of a continuing series of audits of the military-supply system.

So far, government investigators have said, the evidence indicates that the military network that warehouses \$170 billion worth of munitions and easy-to-puller items, is "leaking like a sieve."

The report charged that "the problems of inaccurate inventories, unknown causes of the inaccuracies and poor physical security all contribute to a situation where the army is unnecessarily vulnerable to theft, diversion or misappropriation of its inventory supplies."

It noted that many of the problems had been pointed out to senior army officials but that corrective actions had not been "fully effective."

Dick Helmer, who supervised the audit, said the army asserts that its records for its entire inventory are accurate nearly 90 percent of the time. But Mr. Helmer's analysis of the army's own figures found that the records are less than 50 percent accurate.

"There are a lot of serious management problems," Mr. Helmer said. "You're just opening yourself up to fraud, waste and abuse."

Fortcoming audits will look at the U.S. Air Force, Navy and Defense Logistics Agency, which coordinates supply across the services.

Flaws Found In Security at U.S. Airports

By Ruth Marcus and David Hoffman
Washington Post Service

WASHINGTON — An intense lobbying effort by the National Rifle Association has derailed, at least temporarily, new legislation being considered by the Reagan administration to outlaw so-called plastic guns, which can escape detection by security equipment, according to association officials and administration sources.

The effort to block the legislation was directed at Attorney General Edwin Meese 3d and Vice President George Bush, among others, the sources said.

A package of gun control legislation that included the plastic guns measure already had been approved by top officials at the Justice Department and the Treasury Department, which enforces gun laws, sources said.

But after lobbying by the politically powerful gun association, the legislation suddenly was withdrawn by Mr. Meese last week from final consideration at the Office of Management and Budget, the sources said.

A Justice Department spokesman, Patrick S. Korten, said the bill was "pulled back" and "put on hold" pending a meeting with the National Rifle Association and law enforcement groups to discuss whether a compromise measure can be achieved.

Stephen E. Garmon, deputy director of the Secret Service, testified in July in support of a similar measure introduced by Senator Howard M. Metzenbaum, Democrat of Ohio.

He said that "the threat posed by nonmetallic handguns" was significant and "could potentially have a devastating impact on our protective mission."

At 34 major airports, the rate of detection ranged from 99 percent to 48 percent.

For security reasons, the airports tested were not identified. (UPI, AP)

Nancy Reagan Leaves Hospital After Surgery

WASHINGTON — Nancy Reagan, in arm with her husband, President Ronald Reagan, was discharged Thursday by a crowd of 60-wishers as she returned to the White House five days after breast cancer surgery.

Mrs. Reagan, who appeared brightly pale, smiled and lifted her arm to wave at White House staff members, young people from anti-drug programs and grandparent volunteers who had been invited to greet her. "I'm touched," she said. "I'm very, very happy to be home — very."

Mrs. Reagan underwent a procedure known as a modified radical mastectomy at Bethesda Naval Medical Center on Saturday, during which her cancerous left breast, lymph nodes from under her

Police Groups and Others Hacking the Legislation are Attempting to Prevent the Spread of Weapons that Have Low Metal Content and are Made Primarily of Plastic.

Police groups and others backing the legislation are attempting to prevent the spread of weapons that have low metal content and are made primarily of plastic. They argue that terrorists could use the weapons to avoid triggering metal detectors and X-ray machines used in airports and elsewhere.

Two guns now manufactured contain less than 8.5 ounces (250 grams) of steel, which is the minimum metal content required in the proposed legislation.

The National Rifle Association argues that the weapons can still be detected by existing equipment and that instead of banning the guns, airport security efforts should be intensified.

Sources said Mr. Meese had approved the idea of banning plastic guns in an effort to mend fences with law enforcement groups, which were infuriated last year by his support of a bill that weakened the 1968 Gun Control Act.

The decision to pull the legislation back came after Mr. Meese met Oct. 6 with lobbyists for the rifle association, who expressed the group's vigorous objection to the legislation.

N.Y. Says Addicts Overtake Homosexuals in AIDS Deaths

New York Times Service

NEW YORK — New York City health officials reported Wednesday that acquired immune deficiency syndrome has killed more intravenous drug addicts than homosexuals in the city since the epidemic began.

The number of AIDS-related deaths among intravenous drug users in the city is more than 150 percent higher than previously reported, the officials said, citing a new study of all drug-related deaths in the city.

The city health commissioner, Dr. Stephen C. Joseph, said that the findings mean that "homosexual men no longer are the major group at risk in the city."

Health officials said that the findings showed that AIDS-related deaths involving intravenous drug users accounted for 53 percent of all AIDS-related deaths that have occurred in New York City since 1982. Deaths involving sexually active homosexual and bisexual men accounted for 38 percent.

Flaws Found In Security at U.S. Airports

WASHINGTON — Tests at the nodes showed that the malignancy had not spread and her doctors said she has an excellent prognosis for a complete recovery.

Doctors said she was taking no medication and required no chemotherapy or radiation treatment but was exercising her sore left arm.

Mrs. Reagan's spokeswoman, Elaine Crispin, said that Saturday, while Mrs. Reagan was still "groggily" after her operation, she had said to Mr. Reagan: "Don't let Bob Woodward in my hospital room."

She apparently was referring jokingly to a bedside interview that Bob Woodward, an assistant managing editor of The Washington Post, reported he had with William J. Casey, the director of central intelligence, last winter at Georgetown University Hospital. (AP, UPI)

U.S. Lobby Blocks Bill on Plastic Guns

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The effort to block the legislation was directed at Attorney General Edwin Meese 3d and Vice President George Bush, among others, the sources said.

A package of gun control legislation that included the plastic guns measure already had been approved by top officials at the Justice Department and the Treasury Department, which enforces gun laws, sources said.

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For security reasons, the airports tested were not identified. (UPI, AP)

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Herald INTERNATIONAL Tribune

A Hard Economic Lesson

Securities markets worldwide have recouped half their trillion dollar losses, a recognition that the bricks and mortar of world production remain fundamentally sound.

Asia's Nuclear Passions

Is a second-best solution, but one better than no solution, being ragedly applied to the problem of nuclear proliferation in South Asia?

A Victory for Free Speech

Four years ago, three groups of Americans invited controversial foreigners to come to the United States to speak.

Other Comment

Those Institutional Spenders

When the Dow Jones index plunged on Monday, it was a hostile comment on a crucial aspect of the American political system.

A Last Chance for Reagan

How much the Reagan presidency has changed can be gauged by comparing its first year with prospects for the final year.

A Remarkable Collapse, But This Isn't 1929

By Robert J. Samuelson

WASHINGTON — Wall Street's panic has been dizzying. The stupor, the confusion, the coincidences are obvious: The Great Crash of 1929 also occurred in October.

The Party's Over and the Mess Is Still Here

THE BINGE is over. It couldn't go on forever—the quick fortunes, the midnight raids and computer-driven program trades, the junk bonds, poison pills, leveraged buyouts, options—all the glitz and glamour, the danger and thrill. It's over.

A Soviet Turnaround May Let the UN Work, at Last

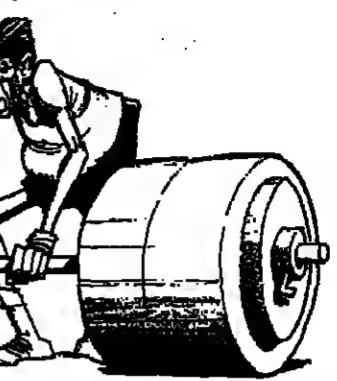
By Flora Lewis

PARIS — The assurance of a new director-general for UNESCO comes when the United Nations itself may be pulling back from the mission in which it floundered for nearly a generation.

UNESCO: A Long, Hard Fight to the Top

By Victor de la Serna

MADRID — Federico Mayor Zaragoza won his first battle when he presented himself as the "independent" candidate to become director-general of UNESCO.

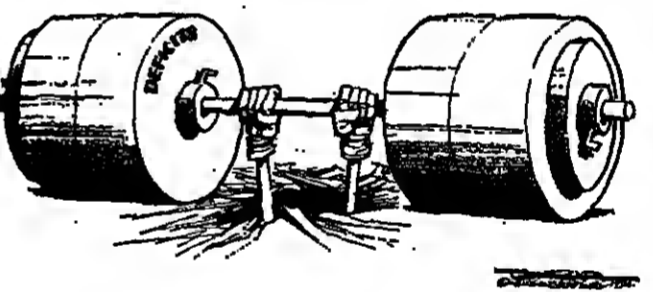


OPINION

The EC Case For Making G-7 Into G-8

By Giles Merrin

BRUSSELS — With the world still watching the stock markets and holding its breath, the questions surrounding international monetary cooperation and surveillance become more urgent than ever.



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Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address.

100, 75 AND 50 YEARS AGO

1887: Alliance Rejected
BLOEMFONTEIN — The Conference between the Presidents of the Transvaal and the Orange Free State has concluded without definite result.

OPINION

In That Crash, the Age of Reagan Ended

By Anthony Lewis

BOSTON — That noise you heard was not just the crash of the stock market. It was the crumbling of public support for Ronald Reagan.

They were being told again and again that they and their country could have something for nothing, wealth without paying for it. And they did not really believe it.

Mr. Reagan has done to the United States what a president with tremendous political support, one who had Congress jumping to his tune for four years and more. Yet when it came to the economic issues crucial to his country, what did he do with that power? Nothing.



The Day of the Tuxedo Dawns On the Land of the Rising Sun

By Yoshio Mori

TOKYO — In Japan, like everywhere else I suppose, adults don't have much good to say about young people. We call them "the new species" and regard them as a "me generation" of easy-going, unconventional individualists.

the funeral last week. Little did I know. The day of the dinner, I wondered what kind of suit to wear. The invitation only mentioned the color of the tie, so I checked with the prime minister's secretary. With a surprised look, she informed me politely that black tie meant a tuxedo.

MEANWHILE

informal graduation parties or friends' wedding receptions. I don't know. They really do seem different.

LETTERS TO THE EDITOR

Canadian Sensibilities

On a recent visit to Montreal, my first in many years as an expatriate, I encountered some of the pride and gentleness evoked by Hans Koning in "Living in Montreal: 'Bien Dans Ma Peau'" (Meanwhile, Oct. 9). One is happy to see such a civil city receive such praise.

say, English is imposed in Toronto. And I wonder about the editor Mr. Koning mentioned who thinks there is "nothing" between Montreal and the North Pole. He was forgetting the several Indian and Inuit nations who get in the way, sometimes quite literally, when large power dams are to be built.

cultural assistant in the U.S. Embassy, he writes: "Today the best one can see in plays and books is a reflection of Western philosophy, Western theater, Western music. So what is particularly Greek? The bouzouki?" And further on: "Between the bouzouki and Mozart there is no bridge."

some real winners. We have resigned ourselves to the fact that any time we move there will be some damage to our goods. But we have just moved to Hong Kong, and when our air shipment arrived we found an inordinate amount of pilferage. This is something we never dreamed would occur.

ler's ruthless expansionism was replaced by Stalin's. Czechoslovakia, Poland, Lithuania, Ukraine, Yugoslavia, Hungary, Finland, Latvia, Estonia and Bulgaria did not freely elect their governments. Mr. Alexeev should read "The Rape of Poland" by Stanislaw Mikolajczyk to be reminded of how it started.

Tripping Over Greek Roots

Regarding "Finding the Roots of Modern Greece" (Sept. 4) by Alan Cowell. Mr. Cowell might try to find the missing link between the wonderful race that populated Greece of around 500 B.C. and the Greeks of today and come to the conclusion that somewhere in the course of history something went amiss.

Besides, Mr. Cowell seems to ignore such Greek composers as Perikles Yanopoulos, who struggled for the national music academy "because we have the freedom to create what we want," without influence from either West or East. And what about operas composed by Manolis Chonouris on singularly Greek subjects and not on some cheap-operetta libretto ("La Traviata," for example).

They were deeply moved. Denis M. Blakeley's column, "When the Movers Show Up, Say a Prayer and Serve Tea" (Meanwhile, Oct. 6), really hit home. We've made a few moves over the years and, yes, you do meet up with

NATO is because Stalin was Vladimir Alexeev of the Novosti Press Agency, in "A Rebuttal from Moscow" (Letters, Oct. 8), criticizes A.M. Rosenthal's opinion column on glasnost. "Four Glasnost Standards for Gauging Soviet Change" (Sept. 29). Mr. Alexeev says the column fails to mention that numerous U.S. bases ring the Soviet Union and that the Warsaw Pact was a response to NATO.

The Dragon and His Wrath Reading the editorial "Best Leave Nessim Alone" (Oct. 15), I was reminded of the immortal wisdom of the literary figure most familiar with monster lore. J.R.R. Tolkien, who, when commenting on the monsters in "Beowulf," scolded the critics (and doubters) of monsters. "A dragon is no idle fancy," he insisted. Or, as Bilbo Baggins put it in "The Hobbit": "Never laugh at live dragons." Nessim's hunters should be aware of this wisdom before ever again daring challenge her existence, or her.

Advertisement for AT&T and Philips Telecommunications. Text: 'OUR CASE HISTORIES OF TODAY CAN DETERMINE YOUR OPPORTUNITIES FOR TOMORROW.'

Advertisement for APT (Advanced Project Technology) upgrades. Text: 'APT UPGRADES INDIA'S STRATEGIC TRANSMISSION LINKS - THE BASIS OF ITS FUTURE TELECOMMUNICATIONS NETWORK.'

Vertical text on the left edge of the page, including 'The EC...', 'G-7 Into...', 'By Giles...', 'Rejected 1987: The Th...', '5 AND 50 YEARS AGO', 'Top', 'Memorial'.

TRAVEL

- The Last Northern Frontier
- Commuting to France
- The Frequent Traveler

TRAVELER'S CHOICE

Cairo's New Underground Railway
Cairo now has a subway, the first in Africa, and the first in the Middle East as well. The 17-mile stretch, which began carrying passengers at the end of last month, is the first section of the first leg of a system that will have three legs and connect the city's suburbs to downtown. Cairo is a commuter's nightmare, with rush-hour traffic sometimes forcing a driver to spend an hour traveling less than 10 miles. The subway system is expected to alleviate some of that crush. The first stage of the new line runs from Helwan, an industrial suburb south of Cairo, to Ramses Square in the center of the city.

Hard Words for Women Travelers
And now, a phrasebook for traveling women. In addition to the usual translations like "How do I get to..." or "How much does it cost?" "The Wander Woman's Phrasebook" teaches a traveler to say "Is it safe for a woman by herself?" or "I won't buy anything if you pester me" and "Would you like to walk in the moonlight?" in French, German and Italian. The author, Alison Owings, a television news writer who has traveled widely, said that the book was meant to give peace of mind to women — single or in groups — traveling abroad. She translated phrases like "Call the police" and "I would like to get home safely." But there's also a strong bit of tongue-in-cheek here. Consider these phrases: "I'm not interested," "Stop following me," "You are an insult to your country." From bookstores or by mail (\$7.64 including postage) from Shameless Hussy Press, Post Office Box 3092, Berkeley, California, 94703.

Japanese Maze Craze
The Greeks had a sinister use for them; Tudor gardeners thought them decorative. Now the Japanese, the world's most avid and dedicated tourists, have revived mazes as a means of entertainment for the visitor to Japan who longs for confusion amid all the order. Thousands of people, day after day, are finding themselves trapped like laboratory rats in miles of labyrinthine paths, scampering this way and that, turning and returning, dead-ending and false-starting, seeking to escape from a race against time. And they pay for the privilege. "The purpose," said Mary Jayne Testa, a spokeswoman for the Japan National Tourist Organization, "is sheer pleasure, not." Apparently so. A lot of people are willing to pay the \$3 fee that most of the 20 or so outdoor mazes charge. The owners of one maze expected 5,000 people their first year (1986) and attracted 380,000. Another maze set a record of 7,490 wanderers on a single day last year. "The object," Testa said, "is to get through the maze as fast as possible." On average, it takes 45 minutes to escape or give up. Each maze has a theme — such as the Paris-Dakar Rally Maze in Tokyo and the Sherlock Maze in Osaka.

Vatican Coin and Stamp Museum
The Vatican has opened a museum of coins and stamps in the Borgias Tower, accessible through the St. Ann entrance to Vatican City. On view are papal coins dating to 1929 and stamps issued by the Vatican since 1850. The museum will also exhibit tools and materials used in making coins and printing stamps. It is open Tuesday, Thursday and Saturday from 9 A.M. to noon, except on Roman Catholic feast days. Admission is free. Vatican stamps and coins can be bought either at the Philatelic and Numismatic Office in the Governor's Palace or the Vatican Post Office on St. Peter's Square.

Winter Weekends on the Riviera
The French Riviera began its history as a tourist center as a winter retreat for rich English people fleeing the rain and fog at home. Average high temperatures in Monaco, Nice and Cannes are in the 50s and low 60s and there is usually lots of sunshine. Now the French are making an effort to relaunch the idea to the American traveler. From November through March, Air France is offering a long-weekend package that includes round-trip air fare and choice of two hotels. Flights leave New York every Thursday, returning the following Tuesday. The package includes four nights at either the Locos Monte Carlo or Locos La Napoule near Cannes, Continental breakfast and a dinner and show. Price: \$779 a person. The airline is also offering "Monte Carlo Magnifique," a one-week stay in Monaco, including round-trip air fare, rental car for a week and Continental breakfast for \$949.

Mass Musical Chairs in Singapore
After getting a premier, a cat, a choir, a runner, a hotel and a violin in the Guinness Book of World Records, Singapore hopes to get in again, for musical chairs. The Singapore Tourist Promotion Board says that it will stage a mass event with 6,000 people on November 15 to upstage the 1985 record of 5,151 people by Notre Dame University of the United States. The mass musical chairs will be the highlight of this year's Merlion Week, a week of outdoor activities aimed at tourists from November 14 to 22 and ending with the World Powerboat Grand Prix. The musical chair contest could last up to four and a half hours with 100 chairs removed each time the music stops and with three-minute intervals until the numbers are down to 100 chairs. An organizer said that from the last 100 chairs, only one chair will be removed at a time. The starting number of chairs is 9,900.

Best Business Hotels Guide
The term "business hotel" conjures up visions of those soulless temples of glass and concrete, their long empty corridors lined by little boxes and bathrooms, where weary whiz-kids put themselves away in boring uniformity after a hard day's jetting and dealing and before the next. People use these places because they are "convenient" to airports or convention centers, and offer, say, the computer linkups and other services a modern business traveler may require. A new guide, "The World's Best Business Hotels" (published in Britain by Bloomsbury) selects more than 500 establishments in 84 countries which, at varying levels of fame, cost, size and luxury, avoid the worst of that syndrome, including the cause of what it calls the "boisterous conventioners" who tend to take over a place. Too many travel guides, says the editor, financial journalist William Davis, are written for tourists and ignore details vital to business travelers. His guide gives a small sketch of the facade or some characteristic detail of each hotel (a terrace at the Great Wall Sheraton is shown here) and lists such facilities as tele, interpreting, conference rooms, sauna, massage, and health clubs. It also carefully pinpoints the location.



Seeing Europe Through Scaffolding

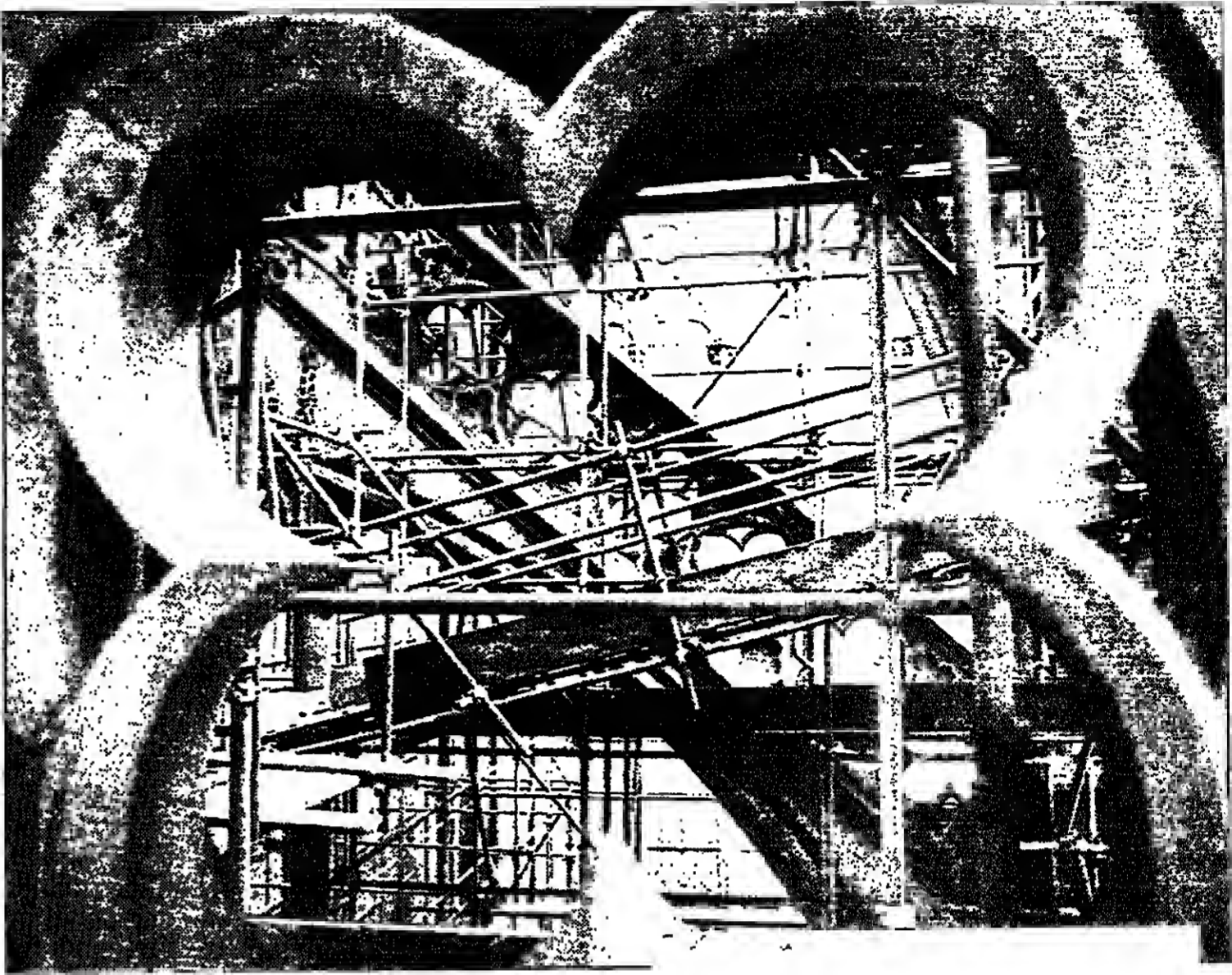
by Steve Schneider

CROSS a border of any sort, and the world is largely invented anew. Restaurants may exist everywhere, but menus, food designs and waiter's outfits make regional shifts. Mountain ranges display individual profiles, while pant legs never fall to the same length. A smile is a smile in one land, but a smirk in another. A timetable turns into an horaire even while describing the same line. An Austrian obelisk plays in his own parais, sidewalks vary radically in width and even copies of Raphaels subtly betray the paw prints of their copycats.

Yet, there is one thing that ties together the traveler's mad flux of experience, an unavoidable something that gives the wildly variable world a measure of coherence. It is an anonymous and resilient presence, and one that is forever taken for granted. Yet it represents the fruit of centuries of widespread development. In fact, I seem to remember seeing, in Vienna, an illuminated manuscript called "The Moralizing Bible" that dated back to the distant 13th century, and even then, it was there: One large and elaborate illumination took its glory from its intricately detailed rendering of a scaffold.

This was, of course, a ramshackle wooden structure — wantonly shedding aghast workers in illustration of an accident at a building site — and as awkward an ancestor of the sleek modern models as an oxcart is of a Chrysler, with options. But there it was, a scaffold stiff and tall, put in place by its crafty illuminator as a point of reference for his viewers, so that even this frightful image would contain something familiar and could therefore be received with empathy. This was created by one artisan who knew what it took to make his work mass marketable in those medieval days. In fact, it's a trick that is returning to favor among photographers today: Increasingly, tourist brochures, official postcards and the like sport pictures of city vistas in which scaffolds rise meter for meter with the town's preeminent towers and spires. The wondrous coexistence with the familiar. Astonish them with architecture, these pictures say, but also reassure them that they have not quit the known world.

These reflections were prompted by a recent trip to Prague — that unsinkable city where the richness of the past italicizes the impoverishment of the present. After walking through the black and massive stone tower that serves as a gate to the old town, my gaze fell on a nearby building, and I found myself struck with the thought, "Ah, I didn't know Christo had a project going here." Soon enough, it came to me that he didn't, and that I was looking up with admiration at the taut curtains of nacreous plastic that enfold some of the more advanced forms of scaffolding.



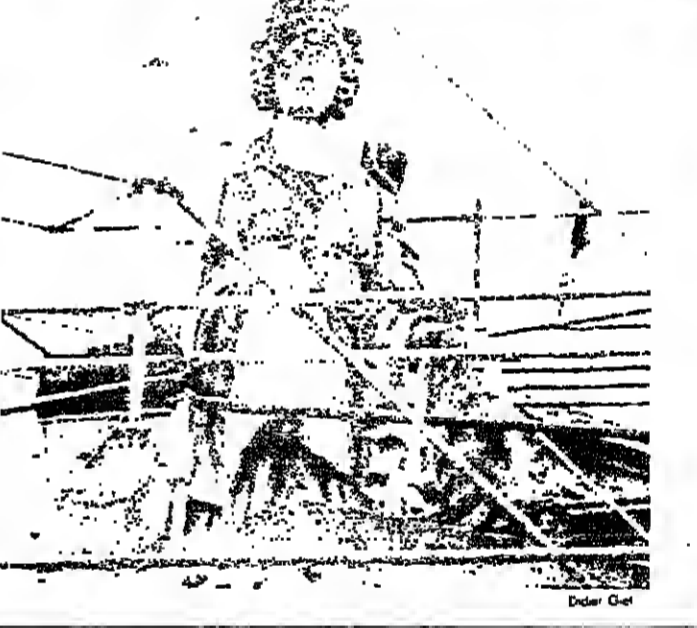
The Associated Press

century tower of the Bargello Palace has recently returned as an embellishment to the skyline, not an embarrassment, after a three-year rest cure. Yes, if we could put aside our ancient resistance, we would see that there is much to gain by a thaw in traveler-scaffold relations. Like many overlooked things in the everyday environment, scaffolds can, if properly considered, both edify and entertain.

To begin with, scaffolds embody many key features in the development of Western art, containing formal allusions that span centuries. They are museums by themselves. For example, in their regular rhythms of posts, lintels and bays, scaffolds can be seen as perfectly realized expressions of the neoclassic spirit — all clean lines and noble proportions. And scaffolds' insistent use of verticals and horizontals was clearly a seminal influence on the work of the revolutionary Dutch artist Piet Mondrian, indeed of the entire De Stijl group.

Still another 20th-century school, Constructivism, acknowledged its debt to scaffolding in its very name — as if its devotion to metals and geometric reductions were not tribute enough. Similarly, the design of the popular Pompidou Center in Paris, with its tangled exoskeleton of escalators and struc-

Scaffolds embody key features in the development of Western art, containing formal allusions that span centuries. Above, scaffolding at the Cologne Cathedral and, right, the statue representing the city of Rouen of Paris's Place de la Concorde.



Continued on page 8

A Walk in Mountains Where Beaufort Is Made

IT IS sunrise of the 110th day, just after the feast of St. Michael, and on the slopes of the Versant du Soleil everyone is eager to get on with it. A majestic veil of mountain fog hovers about the Savoyard chalet and steam rises from within, as the copper cauldron of fragrant, fatty cow's milk churns above a crackling fire.

It is the final day of the season, and the last time this year the montagnards will be

making butter-yellow Beaufort, the prized alpine cheese that has been called the king of the mountain, the prince of Gruyeres.

At 1,700 meters (5,570 feet), a carpet of ground frost is a sign of approaching winter. The montagnards who have spent the summer and early fall here feed it, the farmers who have come up from the valleys feed it, and the hazelnut-brown cows that have just completed their summer mountain "cure" feed it. It is the moment of the fall transhumance, the daylong trek from the mountain pastures down to the warmth of the barns in the lésère valley.

As Beaufort tradition dictates, independent farmers with 10 or 12 cows each group them from late June to early October, and

the Tarine and Abondance cattle rove in herds of 100 or more from mountain pasture to mountain pasture, feasting on wild violets and flavorful thyme, grasses that help produce the milk that goes into one of France's finest cheeses. And for those 100 to 110 days each year the montagnards live with them, up at 2-30 A.M. for the morning milking, then to make the giant wheels of cheese, and to repeat it all once more before the sun sets.

LATER, the 60-kilogram (132-pound) cylinders of Beaufort will be transported to the cooperative in town, where the cheese will rest not for days or months, but up to three years. The wheels will be rubbed with salt every three days, turned three weekly, resting on dry pine planks at 11 degrees Centigrade (about 52 Fahrenheit). At its finest, the Beaufort will taste faintly of hazelnuts, of fruit and fresh mountain flowers. There will be no holes, just fissures, and on the tongue it will crackle cleanly and clearly, with a pleasantly grainy texture.

Beaufort is also a rare cheese, representing only 1 percent of all French Gruyere. Each year, France produces some 190,000 tons of Emmental, but only 2,500 tons of Beaufort. (Unlike Switzerland, whose Gru-

yère valley is the source of the name, in France Gruyère is a generic name applied to a family of cheeses including Emmental and Beaufort.)

By 7 A.M. of the 110th day, the descent begins, and we move off in compact groups, three or so farmers with every 20 or so cows. For most, the walk will take the better part of the day, covering 25 to 30 kilometers of descent from fog into brilliant sunshine, the deep navy-hued mountains to our back. Through pine forests and across raging mountain streams, we pass patches of wild myrtles, or blackberries, examine the debris that remains from a pack of wild boar, step upon tender clumps of the bitter, wild dandelion greens that grow in abundance.

At times the paths are ready-made and we move with ease. Then suddenly there is no path at all, and we stumble along at a gait that is more a run than a ramble. Who is leading whom, one wonders, as the cows eagerly beat a path back home.

By 9 A.M. we begin to shed layers of clothing as the sun burns off the fog, and in a pasture dappled with tiny purple crocuses we stop for a multicourse communal snack. Out of worn leather backpacks come bottles of white wine and red, thin wands of homemade pork sausage and slices of

mountain ham and Beaufort d'alpage, wrapped in yellowing newsprint, baguettes and pain de campagne, tins of poté and bars of hitzarswert chocolate. The farmers, young and old, male and female, chat away, tossing snapshots to the family dog that has come to shepherd us.

THROUGHOUT the day, conversations stop and start, cut short by a wandering cow, a thirst-quenching stop in a village, a moment to admire a well-built community bread oven.

The setting is calm and bucolic, but there is an uncomfortable undercurrent. The communal mood, the thoughts expressed and unexpressed are those of discontent, confusion, even betrayal.

André Roux-Daigue, the small, dark-eyed farmer who has brought us to this mountain, is typical of many 20th-century farmers caught in a squeeze of generations, of conflicting values, lifestyles and goals.

The problems are many. For his father's generation, arguments still revolve around the question of artificial insemination of the family cows, the worthlessness of daylight saving time, and the dangers of mechanical milking machines, issues most city folk thought were solved decades ago.

While the young Savoyard farmers try to defend their newfangled ways to their fathers — mechanical milking machines were brought to the mountain pastures this summer, and bottled gas, not pine logs, is used to heat the copper cheesemaking cauldron — they are struggling with even more basic issues of survival.

Quite simply, no one wants to do this work anymore. Offers of free schooling for young men who want to learn cheesemaking go begging. The long days and remote life of the montagnard no longer appeal to youngsters who reject the lifestyle as archaic and who would frankly rather be skiing. Up on the Versant du Soleil this summer, one cheesemaker came from North Africa, and in the valleys below the farm hands come from Portugal. What do these men, say the locals, know about our Savoyard tradition?

And now the government, in the name of the European Community, is beginning to talk of quotas. Meaning if you want to make more money by increasing your herd or boosting milk production, you are simply not allowed to.

"Too much milk! Too much milk! That's all we have," cries André Roux-Daigue, angered at the thought that the rich, golden raw mountain milk produced by his prized



Priority to the cows in the Savoie.

Tarines is compared to the thin, watery liquid of the black and white Holsteins that are beginning to show up in Savoy mountains.

"They're not cows, they're milk machines. Besides, they're foreign," he sighs in disgust, repeating the rural French adage "Il faut chauffer du bois du pays," use local wood to keep the fires going.

WHILE his father's generation saw the havoc of their rejection against the lawmakers in Paris, the young men now see the enemy as farmers in Germany and Spain.

Like his neighbors, Roux-Daigue practices mixed farming: Orchards of apples and walnuts supply a portion of the family income, while in the winter months his mother continues to make, twice a day, the small rounds of tomme de Savoie that age in their cellar. This year their summer mountain Beaufort, aged at the cooperative, sold so rapidly there is none left on the shelves.

Although one part of him wants to continue the quiet rural lifestyle of his parents, another part looks toward the growing tourism of the region. A cheese boutique, a snack shop for skiers, a roadside creperie are on his mind.

The transhumance continues, moving into the valley, passing rich vegetable gardens with winter leeks and cabbage, bright orange pumpkins and rows of tender greens. We hike to a symphonic clang-clang of cow bells, stop traffic in the town of Montiers and move back up the other side of the valley toward home, the cows stopping to grab the ripe reinette apples off the trees and search for wild flowers in patches of pasture. Along the way, a slim young woman in a bright red car stops to let the cows pass. In her back seat is a six-pack of low-fat milk — the kind with a 100-day shelf life. The contrast, and irony, do not go unnoticed.

André Roux-Daigue, "Les Empres," 73201 Aigueblanche; tel: 79.24.23.25. At the farm, for Beaufort and farm-made tomme de Savoie.

Coopérative Laitière du Beaufortin, 73270 Beaufort-sur-Doron; tel: 79.38.33.62. Beaufort sold at the cooperative. Will ship in France.

Coopérative Affinage Beaufort, Avenue de Tarentaise, 73210 Aime; tel: 79.55.61.68. Beaufort sold at the cooperative. Will ship in France.

TRAVEL

Baffin: The Last Northern Frontier

by David Leitch



There's not much of the traditional life left.

About two-thirds of Iqaluit's population are Inuit and all but a handful live in co-op housing developments. The days of nomadic life dictated by the seasonal habitats of Arctic wildlife are gone, but by no means so long gone that they do not survive in the memories of those of middle age, often via accounts heard from parents or grandparents.

Until 1939, when a court decision ruled that they were a federal responsibility, the Inuit, unlike the Indians, were largely ignored by the government. They are accordingly still experiencing a period of astonishing transition. It is observable in Iqaluit in a peculiarly raw form.

A few hundred yards along the causeway from the airport, where young Inuit are listening to Madonna on their Walkmen, Henry Evaluarjuk, his wife and baby are living peacefully in their tent.

You can hike on for an hour and experience the summer tundra, where dozens of lichens and mosses somehow flourish out of the permafrost, along with sorrel, saxifrage and willow-herbs with the extraordinary red pigmentation that absorbs maximum heat and ubiquitous puff-balls of arctic cotton which by August are starting to fade.

YOU can take a boat ride to the Quammaarvit park across the sound and visit remains of the Thule civilization. If you can spare a day, go down to the bay by boat to see seals, migrating birds and, if you are exceptionally lucky, a beluga whale.

Fish, particularly the salmon-like Arctic char, seal, caribou and musk-ox, all of which are on the menu in Iqaluit's restaurants, still form an important part of the local diet. Although the process is increasingly expen-

sive those Inuit who have not lost their skill will still be harvesting them — and combining their harvest with TV dinners and junk food sold in the local supermarkets.

Iqaluit is the most developed of the dozen or so readily accessible Baffin Island communities.

Pangnirtung is 35 minutes away by air and just 25 miles below the Arctic Circle. This hamlet with a population of 1,100 quickly makes Iqaluit seem like a metropolis. It is the center for the extraordinary wilderness of Auyuituq National Park, and a reasonably determined hiker can actually cross the circle on foot, thus qualifying for a handsome Order of Arctic Adventurers certificate.

At nearby Kekerten you can view remains from the whaling era, and there is another smaller community at Broughton Island at the eastern end of the park, close by the icebergs of Davis Strait, an area that claims the best game-fishing in the world.

Cape Dorset with its quarries has the most celebrated soapstone carvers, while Pond Inlet is wonderfully placed on Eclipse Sound on northeast Baffin, with glacier scenery 18 miles across the water on Bylot Island, and a mean July temperature of 47.3 Fahrenheit (8.5 centigrade), which the 300 local residents, 97 percent of whom are Inuit, regard as virtually tropical.

THERE are three weekly flights "from the south," by which they mean temperate Iqaluit, and an annual sealfish from Montreal in August, or when ice conditions permit.

Pond has a fine hotel, the Saunio, with bearskins much in evidence, and a helpful pamphlet reminding visitors that "although polar bear seldom regards man a potential source of food, they are not afraid of him."



This is a community that enforces prohibition very strictly, and abhors what J.A. Huestis, a former sheep farmer from southern Nova Scotia who runs economic development, calls "non-benign tourism." However, by arrangement with an operator called Canada North Outfitting in Waterdown, Ontario, it is possible to arrange trips with a guide called Elijah Erkkoo, one of a group of Pond residents with the distinction until early this year of being portrayed, grasping a kayak paddle, on the back of the Canadian \$2 bill.

Last summer in Pond they were somewhat taken back to be visited by a New York corporation lawyer who stayed for a weekend and photographed narwhals and bowhead whales before returning home to collect a change of clothes and fly by Concord to Heathrow to catch the Winöledon final.

It is hard to believe that this last North American frontier will last very long.

David Leitch, formerly a correspondent for The Sunday Times of London, is the author of "God Stand Up for the Bastards" and "Family Secrets."

THE FREQUENT TRAVELER
A Few Nasty Surprises
In Rental Car Insurance

by Betsy Wade

NEW YORK — On March 6, Michael Weiner, a 21-year-old Columbia engineering student, went to Florida for a vacation and rented a car there. His father, Frank J. Weiner, a lawyer in Boston, had selected Value Rent-A-Car for Michael because it was then offering a rate of \$129 a week, with payment for the collision damage waiver included. The collision damage waiver, usually with an extra cost of perhaps \$9 a day, is not insurance, all rental companies insist, but merely waives their right to recover from the renter the cost of any collision repairs.

On March 12, as Michael was making a right turn in Boca Raton, his rented car struck a lamppost. He was cited on the spot by a deputy sheriff of Palm Beach County for careless driving and paid a \$50 fine. The car was towed and Michael did not see it again. After he went back to school he took an approved driver education course in lieu of returning for trial, his father says, and the authorities in Florida reported that "adjudication was withheld" on the citation. His son is neither guilty nor not guilty.

Before this, however, Value declared that the automobile had been operated in a "careless" manner, a condition that the Value contract says will void the collision damage waiver. Value refused to pay for the damage.

Despite protests from Michael's father and the Weiner's insurance broker, Murray Liverman of Chestnut Hill, Massachusetts, their insurance company, Travelers, paid Value the \$4,331.58 that it demanded, mostly for a long list of repairs but including \$384.31 for "loss of use" of the car.

One result is that the Weiner family's auto insurance costs will rise at least \$50 a year because of payment of a claim larger than \$500. In addition, Liverman says, the policy's safe-driving rating has been lost, and this will further raise the premiums. Had Value paid, the carrier would not have raised the premium on either parent, he said.

Frank Weiner said he always takes the collision damage waiver anyway, because he has encountered rental outlets that otherwise put a charge for a deposit of several hundred dollars on his credit card. In addition, he lives in Massachusetts and the insurance commissioner there issued a pertinent, and unusual, interpretation in November 1986. This held that automobile insurance policies written in the state did not provide comprehensive coverage — coverage for loss by theft, fire or vandalism — for a rental auto unless it was being rented as a substitute while the owner's car is inoperable.

In short, Weiner had intended to buy the waiver for his son's rental, and selected Value because it was providing this coverage for the basic rental price. After the accident, Value declared its waiver void under its own contract terms, and the insurance company ended up paying a large amount although it never got a chance to see the auto or to defend its client in any legal proceeding.

Weiner has complained to Value and its lawyer and to the Florida Department of Agriculture and Consumer Affairs. His anger is mainly aimed at Value's unilaterally declaring that his son drove carelessly, although no court has ruled.

Liverman says he fears other rental companies will soon include the word careless, in addition to the more usual "negligent," "abusive," "reckless" or "wanton" as descriptions of driving that void their waivers. If that happens, Liverman wrote, "it will become virtually impossible for them to be responsible for damage to their vehicle."

If insurance companies end up with the

burden anyway, they can be expected to be hostile to the rental companies' selling coverage at an unregulated daily rate: two years ago it was estimated that, if all renters bought the waiver, it was worth more than \$1 billion a year to the companies. But the insurance companies' distaste may go further. One insurance broker in Florida, not connected with this case, said that, if his company must end up with the responsibility anyway, he'd prefer to get it in the beginning, because at least the company would get a prompt call and "we can get a look and an estimate."

On another aspect of the issue of responsibility, Value's contract says that tires and glass are not covered by the collision damage waiver in any case. This exemption is not common, but may be spreading. J. Russell King, an editor for The New York Times, rented a Budget auto at the airport in Portland, Maine, last spring. It developed a flat tire an hour after he left the airport, and when he called Budget, he said, he quickly received a replacement auto. When he returned the car a charge for \$87.45 for a new tire was included on his account. The counter agent pointed to a stamped notice on the counter copy of the contract saying that glass and tires were not covered. This notice did not appear on the client's copy. After letters to the Portland Budget franchise, its parent company and his credit card company, King got the tire charge wiped out.

Getting an overcharge removed can be tedious. A woman who rented a car for a month from Alamo in Tucson, Arizona, in February at first accepted the collision damage waiver, but then called her insurance agent, who told her she was covered and did not need it. She returned to the rental office to amend the paperwork and after what she describes as a hard sell had the option eliminated from her agreement. The charge for the waiver was put on her credit card anyway and not corrected until the following month.

At a September meeting of state insurance commissioners in Pittsburgh, the commissioners' counsel, in a closed meeting, discussed the recurring question of regulating the sale of the collision damage waiver. The situation is alive in New York. Martin Minkowitz, deputy superintendent and general counsel in the New York State Insurance Department, says that in January the state attorney general declared the sale of the waivers to be "the doing of insurance," which could be regulated. The major auto rental agencies went to court to prevent this. The department sought a dismissal of the case but failed, Minkowitz says, so the matter is now being fought out.

Thomas A. Dickerson, a New York lawyer who specializes in class action cases in travel law, says many of the provisions of auto rental agreements are "unconscionable," meaning that they would shock a court. "Unconscionable," he said, is a pivotal concept in consumer-protection laws.

He is not a fan of the rental companies. "In essence," he said, "they terrorize consumers with visions of dire consequences unless they pay unnecessary fees which guarantee that rental car companies will not enforce legally unenforceable clauses."

However, he concedes that it takes some doing to go to another state and fight a case. Short of state regulation, he says, the only likely course is going to court under a state's consumer protection act, charging fraudulent, deceptive actions and false advertising and seeking treble damages plus lawyer's fees. Those damages, he said, might justify the trouble.

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IT BECAME clear soon after takeoff from Ottawa that we were heading for a Last Frontier when two men in lumberjack shirts sitting across the aisle ordered steak and eggs washed down with Wild Turkey for breakfast.

Our journey was about 1,200 miles (almost 2,000 kilometers) north to Frobisher, rechristened Iqaluit last January as part of the same policy that has replaced the (supposedly pejorative) word "Eskimo" by "Inuit." Iqaluit, which means "many fish," is the gateway to Canada's eastern Arctic and the principal community of Baffin Island. As we descended flying low along the narrowing funnel of Frobisher Bay the landscape was suddenly revealed as startlingly barren and as alien as those first 1960s close-ups of the moon surface.

We had long passed the tree line, hidden beneath the cumulus. Now you could see the white caps of baby icebergs; hillocks tipped with snow that evidently never melted, even in August; the barest bare rock on the shoreline with no softening trace of any shrub. It is not a hospitable landscape but there is something beautiful about it, and scary.

You could make no aesthetic claims for Iqaluit, a prefabricated and provisional looking community that nonetheless turned out to epitomize several Inuit characteristics, notably an advanced capacity for adapting to a hard environment.

Its other yellow air terminal, completed in 1986 in a style recalling the Pompidou Center in Paris, serves as a surprisingly efficient gateway to the Baffin region and the eastern Arctic.

It is a company town for federal and territorial government as well as a transportation center. The population is on the increase — it's 3,500 today, compared with 2,100 in the 1981 census.

ALL the same, along the main strip you can find three hotels, five restaurants, a bank, a medical center, a radio station, and a drugstore run by an Egyptian called Nader Barsoum, who gets into trouble periodically for making controversial statements to the local paper, the Nunatsiut News, which publishes both in English and the eastern Arctic language, Inuktitut.

A part from the airport, the most striking buildings are the recently constructed Baffin Correctional Center and St. Jude's Anglican Cathedral, built in a kind of modified igloo genre. The cathedral is unarguably the only one extant containing a piece of silver donated by the Queen of England and an altar incorporating matched sealskins and narwhal tusks.

When I arrived the prison was still in a state of low-key emergency provoked by what was variously described as a mutiny, a minor disturbance or an act of collective vandalism. There was no argument, however, about the reason for the short-lived unrest. The inmates had staged a protest and smashed a window late the previous Friday night because they wanted to be let out to complete a soccer match.

Since August is still a season of near perpetual daylight their restiveness was understandable — during the short season of high summer even many non-native inhabitants of the Northwest Territories find themselves reducing their sleep to a very few hours without detectable physical consequences.

HOWEVER, working hours still of necessity conform to the day-night patterns of the southern countries and the Inuit, in common with the Lapps in Scandinavia, have in recent years been under pressure to rearrange their own schedules to follow the same pattern.

(They find it hard, and "bad time-keeping" is one of the most general complaints heard about the Inuit in the work force.)

Europe in Scaffolds

Continued from page 7

tural supports and tubes, is nothing so much as a celebration of our instinct to surround ourselves with scaffolding — scaffolding in its most fitting form, sweeping and slashing across an otherwise humdrum facade. But these are merely surface linkages; going just a wisp deeper, it becomes evident that scaffolds are handsome objectifications of much that is central to Western thought. They represent a view of history that is both progressive and conservative. Scaffolds proclaim that good work effectively planned can significantly enhance social existence, that life can be made better — more beautiful, safer from falling masonry — through human industry. And they also put forth the comforting notion that the past is retrievable, and, ultimately, worth retaining. Our heritage can be our inspiration, scaffolds affirm; the future will be richer in the presence

of the achievements of antiquity. A return — to innocence, to excellence — is possible, through the agency of fearlessly modern studding and sandblasting techniques. And scaffolds, too, are eloquent symbols of human compassion — for what is their gentle clutch of plastics and metals, wrenching an enfeebled edifice, if not a steadfast and nurturing embrace. For the traveler, however, scaffolding fulfills another, perhaps more pragmatic function. In slyly concealing arbitrary corners and features, scaffolds foster an air of mystery and mystique: The setting is put into a kind of selective soft focus. Scaffolding hints at the evidence of hidden treasures, of gemstones so precious that they must be masked until cut into finest form. And in so doing, scaffolds hold their richest reward for the wanderer — as a silent incentive to return, an unspoken appeal to come back and see what a civilization values so highly that it must remain painstakingly veiled until its every gleam has been healed, its last layer of airborne pollutants pruned away.

Steve Schneider wrote this for The New York Times.

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Visiting Geneva? You Can Commute to France

by Thomas Netter

GENEVA — Many people would say one of the best things about living in Geneva is that it is nearly surrounded by France. The Swiss, with their long history of conflicts and enmity with a neighboring territory, might not agree. The language is the same, but the mentality, the ambience is decidedly different. So are the coffee, the cheese, the wine, the food in general and, most importantly, the prices. Geneva may appear French, but its Swiss organization and order becomes apparent quickly, even to the most casual visitor. France is, well, France, just about wherever you are, even if it's a short commute or an evening out's drive from Switzerland's second largest city.

Genevois who are not of this place but only part of it by their professions or their choice to live here often tend to regard it as a base for further exploration. A friend describes Geneva as a city one can define for what it is not, in this case not a self-contained world of its own like Paris or London or New York despite its cosmopolitan air. It can be crushingly provincial, prompting a food shop owner in as faraway a place as Vaison-la-Romaine in Provence to exclaim, "You mean you don't even have a Fauchon store in Geneva?"

A Genevois is indeed closer to the French Rhône Valley and the Côte d'Azur than a Parisian, but for the definitive tastes, sights and smells of France, it's not necessary to go that far. France is effectively Geneva's backyard. Many of Geneva's best restaurants and most interesting sights are in la France voisine, literally, neighboring France, and what the French might equally dismissively call the France profonde. For many Genevois and those who visit here, the France Voisine is a part of their daily life, a place to live to escape the high rents of Geneva, to gamble in the casinos of Evian or Divonne where bets above Geneva's Calvin-

istic limits are allowed, or a place to shop for French wines and foods, or eat French meals, either unavailable or prohibitively expensive inside Switzerland's borders.

For those interested in a visit to a typically French provincial village, all that is necessary is to drive through a tunnel under Geneva's Cointrin International Airport to Ferney-Voltaire. This is where Voltaire fled the court Calvinist city, which he called "the city that never smiles," so that he could continue to write and create in peace. The philosopher-author spent the last 18 years of his life in Ferney, giving it nominal literary fame by adding his name in a marriage of (his own) convenience.

TODAY, Ferney is a town of 6,000, many of them international civil servants working for the United Nations or its specialized agencies in Geneva. Many Genevois, showing an increasing tendency to smile, like to shop there, especially on a Saturday morning when the town's main street, appropriately named the Avenue de Genève, is transformed into a typical French country marché. Farmers and vendors from the outskirts erect market stalls bulging with dried meats, hams, sausages, French Brie or firm, white chèvres, dark olives and confits. The melange of fresh food that is often unavailable in Geneva and sold at one third to one half the price, blends with the delightfully bracing aromas of Arabica coffee and Pernod coming from the raucous cafés to erase all remnants of the big, cold Swiss town nearby.

Nine kilometers east lies the town of Divonne, of somewhat different appeal to the excitement seekers who would trade a food market for a chance at the fates. The resort boasts the second largest casino in France (fattened by Swiss and Swiss-visitors' purses, to be sure) where "rien ne va plus" goes on from 3 P.M. each day. Since the highest legal bet in Geneva is 5 Swiss francs (about \$3.40), anyone wanting a riskier exposure need only make the short trip to Divonne's elegant casino.

The town has some very good hotels and restaurants. Les Grands Hôtels is situated in an old park and has 135 rooms ranging in price from about 470 to 1,000 French francs (about \$78 to \$165). From its terrace, one can see across Switzerland to the French side of Lake Geneva and Mont Blanc.

A place farther into the French Jura where one can forget the bright lights of the big city is the isolated Auberge des Chasseurs in Echenevey, outside Gex, 30 minutes away. The Auberge provides charming rooms for 150 to 300 French francs, a price that only the poorest of Geneva hotels could hope to match, a swimming pool and a splendid view of the Alps.

But perhaps the most charming of France Voisine's villages is Yvoire. Either by boat from the Quai de Mont Blanc in Geneva during the summer, or by car throughout the year, Yvoire is a medieval village, surrounded by high stone masonry on three sides and Lake Geneva on the fourth. The most outside the 14th century gate built by Count Amadeus of Savoy is gone, but inside a village of 350 people, flowered windows and open stalls almost completely turned over to tourists in the summer and steeped in a misty, melancholic mystery for the rest of the year.

Yvoire is completely medieval French provincial, a treat for the Francophile's escapist fantasies nurtured in the unforgettingly dour shadows of Geneva's towers and well-swept, expensive but sterile streets. Yvoire's car-free, cobbled streets and arched, cavernous restaurants are far from the traffic-jammed, bustling, computer-whirring capital of finance and international policy that is Geneva. One can only read from the historical plaques at the gates of Yvoire how the Viscount of Savoy repelled the Swiss Bernese attackers and utter a sigh of relief.

Thomas Netter, a journalist based in Geneva, is joining WHO.



The church and town square in Yvoire.



FRIDAY, OCTOBER 23, 1987

ECONOMIC SCENE

'Pigs Gorging at the Trough' - And Other Drucker-isms

By JONATHAN PETERSON Los Angeles Times Service

CLAREMONT, California — To Peter F. Drucker, the celebrated observer of corporate America, Wall Street traders are like "Balkan peasants stealing each other's sheep" whose lack of restraint made the recent stock market plunge inevitable.

The scene is dominated by young people who have absolutely no judgment.

Bloody and Broken: Traders Battered Senseless by the Bear

By Debra Whitefield and Eileen V. Quigley Los Angeles Times Service

NEW YORK — At Bateman Eichler Hill Richards in Los Angeles, young brokers were so shocked by the stock market turmoil that "they're frozen; they can't do their jobs," said Thomas Adkins, an executive vice president.



A trader keeps a weary eye on the New York stock ticker.

Testing Limits in London, Frankfurt

By Warren Getler and Ferdinand Proetzman International Herald Tribune

The wild gyrations in share prices have left stockbrokers and traders in London and Frankfurt with a severe case of market whiplash.

NYSE Shortens Hours to Catch Up on Backlog

NEW YORK — The New York Stock Exchange said Thursday that it would shorten trading by two hours on Friday, Monday and Tuesday, pushing the close up to 2 P.M.

Currency Rates

Table with columns: Currency, Bid, Offer, Bid, Offer. Includes rates for Australian dollar, Canadian dollar, Hong Kong dollar, etc.

Forward Rates

Table with columns: Currency, Period, Rate. Includes forward rates for Australian dollar, Canadian dollar, etc.

Interest Rates

Table with columns: Instrument, Rate. Includes Treasury bills, Treasury notes, Treasury bonds, etc.

Key Money Rates

Table with columns: Instrument, Rate. Includes prime rate, Fed funds, etc.

Asian Dollar Deposits

Table with columns: Period, Rate. Includes 1-month, 3-month, 6-month deposits for various currencies.

U.S. Money Market Funds

Table with columns: Fund Name, Assets, Yield. Lists various money market funds like Fidelity, etc.

Gold

Table with columns: Instrument, Price. Includes gold prices in various currencies like A.M., P.M., etc.

NYSE Floor Specialists Take Huge Losses - Up to \$750 Million

NEW YORK — All 52 specialist firms on the floor of the New York Stock Exchange lost money during the emergency sell-off on Monday and Tuesday.

Fermenta Cancels Plans To Sell Some Units to TRI

STOCKHOLM — Fermenta AB, the financially troubled Swedish biotechnology company, said Thursday that it had called off plans to sell parts of its overseas operations to Trans Resources Inc.

12 Billion Francs in Renault Debt to Be Forgiven

PARIS — The French government will forgive 12 billion francs (almost \$2 billion) in debt owed to it by Renault.

Leading Banks Call in Loans To Stockbrokers

NEW YORK — Leading commercial banks have been calling in loans made to stockbrokers or demanding more collateral after Monday's 500-point market decline.

Royal Trust Expands On Many Financial Fronts

THE only Canadian trust company with an established international presence, Royal Trustco Ltd has consolidated its major acquisition of last year and is rapidly extending its services at home and abroad.

"Our strategy is to meet the needs of our customers," says President and Chief Executive Officer Michael A. Cornelissen. "We have built an international network that gives them access to all major markets. At the same time we are expanding our range of advisory services and our innovative financial products continue to be highly successful."

Established in 1899, Royal Trust's assets under management exceed C\$88 billion. It is Canada's largest money manager, the only Canadian trust company with an established international presence, and one of the most conservatively capitalized financial institutions in the world.

With net income increasing 36 percent to \$154 million

in 1986, Royal Trust ranks as the 19th most profitable Canadian-owned public company. The company's shares are listed on the Toronto, Montreal, Vancouver and Alberta Stock Exchanges, and Class A common shares are listed on the Tokyo Stock Exchange as well.

Last year, in a dramatic move that more than doubled its international operations and boosted its assets by 43 percent, Royal Trust acquired the assets of Dow Financial Services. The company now has 14 offices in most of the world's key financial centers.

Through these offices, and its coast to coast Canadian branch network, Royal Trust provides a full range of personal and corporate financial products and services. These include savings and checking accounts, corporate and private banking, personal and mortgage loans, international cash and asset management, pension and trust products, and global custody services.

The company takes justifi-

Royal Trust's conservative investment strategy in comparison to international banks emphasizes its strength and positioning for rapid growth in the future.

Royal Trust (March 31)	International Banks
Assets	1875
Equity	175
Dividend Yield	181
Return on Equity	23.2
Return on Assets	25.9
Return on Investment	29.8
The Netherlands	
Assets	281
Equity	281
Dividend Yield	24.9
Return on Equity	30.7
Return on Assets	25.8
Return on Investment	31.0
Assets	481
Equity	481
Dividend Yield	30.7
Return on Equity	30.7
Return on Assets	30.7
Return on Investment	30.7

Figures are in millions of U.S. dollars. Source: European Magazine Rating of Top 100 International Banks, June 1987

able pride in having met its own tough business objectives for the fourth consecutive year. Record performances saw earnings per share increase 16 percent to \$2.16. Return on equity was 18.4 percent and return on assets was 94 cents per \$100, higher than any competitor in Canada and, bar one, the United States.

As an example of its entrepreneurial style, Royal Trust cites the success of its operating subsidiary Corporate Investment Associates (RT) Inc. This has become an aggressive market-driven operation since it was reorganized two years ago and now manages over \$6 billion on behalf of Canadian pension plans, charitable endowment organizations, insurance companies and pooled funds. Specialists within the group provide expertise in Canadian, American and offshore equities as well as fixed income instruments.

In the highly competitive area of personal financial services, Royal Trust has introduced Market Link, an instantaneous stock transaction service that can reduce transaction costs by as much as 85 percent. Other innovations include the T-Bill Savings Account which differs from similar products by paying interest on average balances and giving instant access through automated banking machines.

According to Mr. Cornelissen, Royal Trust has won further new customers with its Gold MasterCard, the only credit card in the Canadian market to offer a 1 percent discount on purchases. "This card also offers one of the lowest interest rates available," he said. "The number of new cardholders has doubled our projections."

The company also manages Canada's largest portfolio of no-load mutual funds, with assets of \$1.8 billion. The range includes nine mutual funds and three combination funds called Advantage Funds. The Mortgage Fund, investing primarily in high quality residential first mortgages, is the most popular.

Royal Trust is affiliated with the Toronto-based Trilon Financial Corporation.



Michael A. Cornelissen, President and Chief Executive Officer at Royal Trustco Ltd.

This diversified financial services company, which owns approximately 50 percent of the company's common shares, is the financial services arm of Beacan Limited. Beacan, a major public company with operating affiliates in the natural resources, consumer products and financial services sectors, is also based in Toronto.

Looking at the future, Mr. Cornelissen said Royal Trust will focus on those market niches where it has proven strengths. As he explains: "By concentrating on customer service, on excellence in administrative systems and providing value added products and services, we seek to maintain our leadership in today's highly competitive but exhilarating financial environment."

H.K. Merchant Bank Finances Development in China

RENAMED this spring, Royal Trust Asia has swiftly developed its merchant banking capabilities, expanded its private banking and investment management divisions and acquired a majority shareholding in Hayes & Company, a leading corporate secretarial specialist.

Royal Trust Hayes offers a wide range of corporate management and fiduciary skills including incorporation of companies, trust advisory and liaison services, import/export management and advice and assistance on trade and manufacturing in China.

The company's merchant banking professionals have a successful track record in the region's main financial markets. Royal Trust Asia recently lead managed US\$13.5 million term financing for the construction of a two-piece aluminum can-manufacturing project in Zhao Quing, Canton Province, China. It also helped Pacific Concord Holding Ltd raise HK\$34 million and has helped numerous companies obtain Hong Kong Stock Exchange listings.

Royal Trust Asset Management (Asia) Limited is actively developing a wide range of

unit trusts and investment products which will provide clients with quality portfolio management in Hong Kong. Investors also benefit from the group's worldwide network of fund managers.

On the private client side, Royal Trust Asia makes its financial expertise available to high net-worth individuals throughout the region. It offers access to private banking services in Hong Kong and overseas, including international investment management, credit-related products, trust services, estate planning and asset protection.

In response to strong local demand for property in North America, Royal Trust Asia also provides access to residential and commercial markets through Royal LePage. It also gives support and guidance on Canadian immigration requirements.

"Royal Trust Asia is committed to maintaining full confidentiality of clients' business and protecting individual and corporate assets," says Managing Director Thomas F. Greer. "The company is well established here and its professionals draw on an in-depth knowledge of Asian and world legal requirements."

GLOBAL CUSTODY SERVICES

How to avoid the pitfalls of International Securities Administration

Nowadays many institutions find the administration of international securities an increasingly complicated and expensive burden. Many also wish to separate the custody and stewardship of securities from their primary role of investment management.

That's why Royal Trust Bank in London has developed a sophisticated and efficient Global Custody Service. Delivery, settlement, collection of income and safe custody of securities are all arranged through our international network of correspondent banks, backed by full multi-currency banking facilities.

Our own expertise is supported by that of our parent company, Royal Trust

in Canada where it is one of North America's largest suppliers of international securities administration services.

To find out more about Royal Trust Bank's Global Custody services ring Ken Dean in London on 01-236 6044.



Royal Trust Bank
Royal Trust House
48-50 Cannon Street, London EC4N 6LD
Tel: 01-236 6044
Tlx: 8952879. Fax: 01-248 0828

Swiss Subsidiary Builds on Tradition

A UNIQUE and powerful new partnership combines the Swiss banking tradition with an international financial network. In September 1986, as part of its global expansion effort, Royal Trust became majority shareholder of Dow Banking Corporation of Zurich, one of the country's leading financial institutions. Renamed the Royal Trust Bank (Switzerland), the bank retained a Swiss charter and Swiss management. The number of independent Swiss board members was increased and the bank's shares are cur-

rently traded on all principal Swiss exchanges.

With net earnings rising from S.Fr. 12.7 million in 1984 to S.Fr. 17.6 million at the end of 1986, profits in 1986 surpassed the previous year by 15 percent. Total assets increased 7 percent and commission income rose in line with the bank's expanded portfolio management activities.

According to Mr. Bear Wemmelinger, Senior Executive Vice President and spokesman of the Executive Board, the bank is increasingly oriented toward fee-generating activities. Private and institutional investment management, the centerpiece of the bank, has been expanded on all fronts.

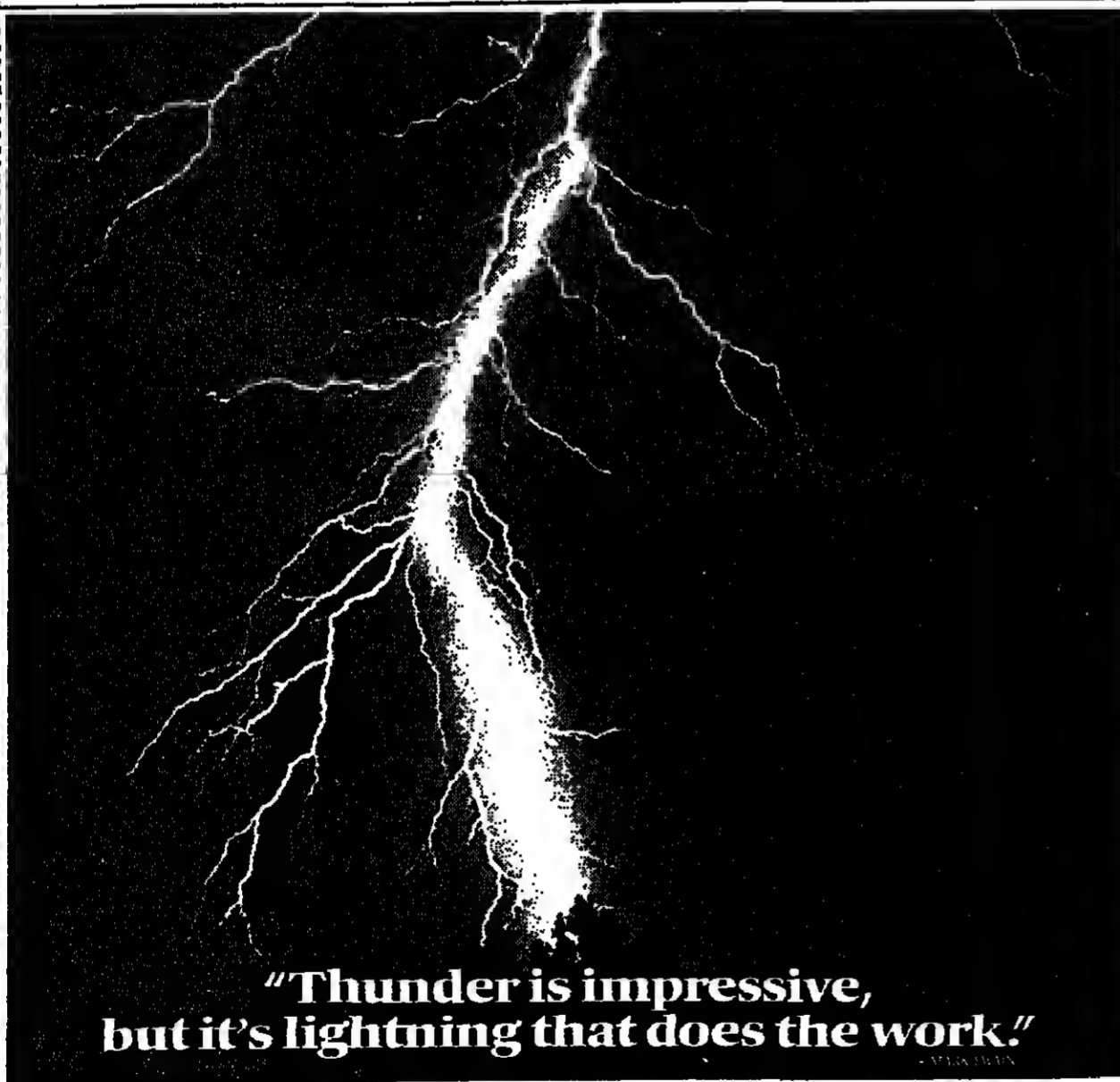
"Recognizing the growing convergence of banking and insurance, we became the first bank in Switzerland to offer an insurance linked investment service. Royal Trust's portfolio management plus

endowment insurance combines annuity insurance, collateral credit and advances against policies to offer the investor maximum flexibility," Mr. Wemmelinger said.

International asset protection services have also been expanded. Building on a basis of sophisticated investment management and traditional Swiss discretion, Royal Trust offers clients personal holding companies, international trust and, for an extra fee, sealed envelope accounts.

In contrast to most larger multi-service banks, Royal Trust Bank emphasizes individual and intensive service. Clients have direct access to senior people and benefit from an unusually low ratio of private banking specialists to client portfolios.

On the wholesale banking front, interbank foreign exchange activities have been expanded via advanced computer facilities and the addition of new financial instruments, such as futures and options. Money market activities are also being expanded with future rate agreements and interest rate swaps.



"Thunder is impressive, but it's lightning that does the work."

When you've got a financial problem, you want a financial solution. Quickly. Accurately. And you don't want a photocopied version of what somebody did for your competitor.

Take your problem to Royal Trust. Canada's largest trust company offers a full range of Corporate and Personal financial services and is the only one with an established and rapidly expanding international presence.

Royal Trust minimizes bureaucracy and layers. Royal Trust places you, the client, where you belong in its organizational structure: at the top.

When you deal with Royal Trust you can

expect quick, flexible action and up-to-the-moment information. While others are mired in paperwork, Royal Trust is already making the moves your company needs.

The thunder is there - over C\$80 billion in assets under administration, an AA credit rating and the distinction of being one of the most conservatively capitalized financial institutions in the world. But it's the speed and striking power of lightning that make Royal Trust unique.

Test Royal Trust for yourself. Call one of the senior contacts listed below, and tell him your needs.



Thomas J. Wacker, President, Royal Trust International, London, (01)236-6044
Malcolm Gates, Vice-President International, Royal Trust, Toronto (416) 864-6399

ROYAL TRUST

New ways of getting the results you need

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Shell Tower Singapore 0104
Telephone : 224-9111
Facsimile : 225-3809
Telex : RS 21985

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Merchant Banking Services

ROYAL TRUST ASSET MANAGEMENT PTE LTD
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ROYAL TRUST SECURITIES ASIA LTD
Unit Trust Management

ROYAL TRUST Hi-Yield OFFSHORE CHEQUE ACCOUNT

A current account that earns

\$5-88%
US DOLLAR

£ 9-31%
STERLING

* Compounded annual rate at 8th October 1987

Main features include:

- High rates of interest linked to the money markets
- Cheque books in Sterling and U.S. Dollars
- Multi-currency cheque book also available which allows cheques to be drawn in other major currencies
- Interest paid gross • Immediate access to funds
- Capital security • Confidentiality
- No minimum withdrawals • Quarterly statements
- Interest calculated daily and credited quarterly
- No charge for the first five cheques issued each month
- Only \$2,000 or US\$10,000 is required to open an account

Royal Trust Bank (Isle of Man) is incorporated with unlimited liability and was the first North American financial institution to be established on the Island.

Royal Trust Bank (Isle of Man),
Royal Trust House,
60/62 Athol Street,
Douglas, Isle of Man,
Tel: (0624) 29521. Tlx: 626520.

To: Royal Trust Bank (Isle of Man), Royal Trust House, 60/62 Athol Street, Douglas, Isle of Man. Tel: (0624) 29521. Tlx: 626520.

Please tick:

I/we wish to open a 'Hi-Yield' Offshore Cheque Account

A cheque is enclosed for £ or US\$

Please send more details of your 'Hi-Yield' Offshore Cheque Account

Name _____

Address _____

IHT 23.10

Celebrating 25 Years in Channel Islands

THE first foreign bank to settle in Jersey celebrated its 25th anniversary this year by introducing a unique currency-based deposit account. Further cause for celebration was provided by last year's performance which saw pretax profits soar 31 percent and total assets surge by 25.5 percent to \$627 million (£380 million). Fees and commissions from foreign exchange dealings increased 49.8 percent and foreign exchange transactions now exceed US\$100 million a day.

Royal Trust was established in Jersey in 1962 as a wholly owned subsidiary of Royal Trustco, Canada. A comprehensive range of private banking services is provided through two separate Jersey based companies: Royal Trust Bank (Jersey) Ltd and The Royal Trust Company of Canada (C.L.) Ltd.

The Managed Currency Deposit Account relies on the foreign exchange expertise of the Jersey team. According to Ivor Mills, Managing Director of Royal Trust, Jersey, the account is the first to allow the individual investor to benefit from international currency movements while enjoying the return and access of a deposit account.

"The speed and volatility of exchange rates present both an opportunity and a threat,"

he said. "There's an opportunity for excellent capital gains, but without professional advice and proper management, there's great risk. We have designed this account to maximize return and minimize risk, in a cost-effective way."

The Managed Currency Deposit Account is designed for investors who regard either U.S. or Canadian dollars or Sterling as their main currency. The minimum requirement is US\$25,000 (Canadian \$25,000 or £20,000).

The growth potential of the account, according to Mr. Mills, comes from a combination of overnight money market interest rates and net foreign exchange trading profits. To maximize return, funds in the account are traded on a minute-to-minute, hour-to-hour or day-to-day basis in the six major currencies.

While Mr. Mills acknowledges that no guarantee of profit can be made, he stresses the benefits of a currency strategy. "We would anticipate that the skill of our international money desk, which deals with the bank's own money, will provide a return well in excess of the interest rate which could be obtained from a single currency deposit account."

The account is cost-effective: no front-end fees, registration fees, brokerage fees or



Ivor E.R. Mills, Managing Director of Royal Trust Bank (Jersey) Ltd.

custodial fees are charged. Instead, there is a single annual charge of 0.75 percent. Monthly statements itemize all foreign exchange transactions and a monthly summary reports account balance and accrued interest.

Among other private banking services there is offshore mortgage finance aimed at foreigners residing in England and a comprehensive range of foreign exchange services for individuals and companies.

Investors from all over the world have long appreciated the advantages of Jersey, 14 miles off the coast of France. The island has kept the rate of personal and corporate tax steady at 20 percent since 1940 and has no capital gains tax, capital transfer tax, value added

tax or inheritance tax. However, so many financial institutions have set up in Jersey that the financial scene is now extremely competitive.

Organizations like Royal Trust are developing all aspects of their operations to sustain their momentum. For example, The Royal Trust Company of Canada (C.L.), specializes in the creation and administration of discretionary trusts designed to protect the assets and mitigate the tax liabilities of high net-worth individuals. Clients residing in foreign countries may wish to use discretionary trusts to protect themselves against exchange controls or possible confiscatory legislation.

Most recently, Royal Trust introduced a new concept in

international asset protection. According to Andrew Turner, Associate Director, International Trust Services, Royal Trust (Atlantic) Ltd is the Lamborghini of the trust business. "It is a specialist trust vehicle created in a Canadian jurisdiction but with no exposure to Canadian taxation, that provides for the maximum protection of wealth through a highly flexible trustee structure. While administered in Jersey with assets held by Dutch nominees, Atlantic operates through Royal Trust branches around the world."

Mr. Turner notes one of the advantages for discerning trust clients in Jersey. "The idea of trusts as developed in Jersey is very different from more traditional financial centers," he says. "Under our law, the client continues to influence the trustees in any actions they may take. While he is legally dissociated from his money, he effectively retains control over the administration of his assets."

To stay in the lead, Royal Trust (Jersey) continues to invest in the future, ensuring that the company's valuable human resources receive technical and management training. For clients, such investment translates into the company's most invaluable asset: superior service.

ROYAL TRUST Royal Trust Asia Limited 加拿大皇家信託

- Merchant Banking • Private Banking
- Investment Management
- Asset Protection • Enterprise Capital

Royal Trust Asia Limited is dedicated to providing its customers with responsive specialized banking services with absolute confidentiality and discretion. Please direct your enquiries to:

The Managing Director
Royal Trust Asia Limited
32nd Floor, One Exchange Square, 8 Connaught Place, Hong Kong
Tel: 5-8478666. Telex: 64877 RTAL HX. Fax: 5-8450346.

INTERNATIONAL PORTFOLIO MANAGEMENT

We have some rather Independent Views...

At Royal Trust we believe in a personal and independent approach to portfolio management.

We know that the management of private wealth is a highly individual matter and for that reason aim to develop a lasting personal relationship with each client. This enables us to satisfy your particular requirements and to advance your special investment interests.

Royal Trust is respected for its combination of performance with care and integrity, but perhaps more importantly for its independence, as it is this which enables our clear, honest approach based solely on the best interest of our clients.

If you have £50,000 or more to invest we would be delighted to discuss our services with you in greater detail.

ROYAL TRUST
Asset Management

Royal Trust Asset Management Ltd
3 Finsbury Square London EC2A 1RT
Telephone: 01-638 2433 Telex: 9413849 RTAM



U.K. Bank Expands Services

ROYAL Trust Bank has developed an unusually comprehensive international securities custody and reporting service. It has also expanded its services to corporate and private clients and established three regional offices outside London.

Ken Dean, Senior Manager, responsible for Global Custody, says the bank provides a complete stock and share stewardship service. Clients of the service, which has proved particularly attractive, to

North American funds seeking UK and international exposure, include pension funds, insurance companies and mutual funds. The service includes full multi-currency banking services, a computerized account and security record system, as well as delivery, settlement and income collection services.

"This service is fast, flexible and efficient, and it covers all aspects of global securities dealing," Dr. Dean said. "Its multi-currency banking facilities

simplify international settlement and insure that cash balances remain productive. This is a very cost-effective method of administering an international portfolio."

He explained that global custody clients or their investment managers buy and sell as before but, once executed, transaction details are reported to Royal Trust Bank by telex. All foreign exchange conversion, settlement details and delivery are then handled by Royal Trust Bank.

"Each portfolio is assigned an administrator and clients receive detailed stewardship reports on a monthly or quarterly basis," Dr. Dean said.

Managing Director John Lovesey believes the bank's strengths are its wide range of financial services and the breadth and depth of its banking relationships. Corporate services include commercial lending, foreign exchange, property finance and corporate trust services. Private client services include private bank-

ing, mortgage finance, tax planning and other personal financial services.

"We are well established in the market," Mr. Lovesey concluded, "and we plan to build on our long-standing relationships. We are currently working closely with some very dynamic companies."

To facilitate the development of local contacts, regional offices have been opened in Manchester, Leeds and Ipswich, and another is planned for Bristol.

Isle of Man Features Hi-Yield Account

THE first North American financial institution to recognize the potential of the Isle of Man as an offshore base, the Royal Trust Bank has made great strides since its office opened there in 1976. Having launched a series of innovative offshore financial products, the bank now finds itself in an ideal position to take advantage of the increasing flow of international funds into the center.

According to Managing Director Bill Cowie, the Roy-

al Trust Hi-Yield Offshore Account, introduced last year, took off immediately, due to its multi-currency checkbook facility and instant access features. "It is a current account that pays a high level of interest. With multi-currency withdrawal facilities it also provides instant access to funds on deposit," he said.

Expatriate subscribers can also use its facilities to pay bills incurred through a special expatriate mortgage scheme operated in conjunction with Clerical Medical and

General Life Assurance, a leading British insurance group.

Another Royal Trust innovation, the package is unlike any other mortgage scheme. According to Mr. Cowie: "It has been specifically designed to meet the needs of expatriates residing outside the country who wish to buy property in the United Kingdom."

The terms of the mortgage scheme are flexible and highly competitive. Since repayments are made offshore during the

lifetime of the loan, the scheme offers expatriates a considerable tax advantage.

Royal Trust plans to take advantage of the hospitable financial climate by expanding its operations on the Isle of Man, whose 221 square miles are host to 7,000 companies and financial institutions.

As Mr. Cowie says: "This island is very close to Britain, politically stable and offers all the advantages provided by much more exotic offshore centers."

Broadening Horizons on the Pacific Rim



Laura Hwang, Managing Director of Royal Trust Merchant Bank Ltd.

UNDER the leadership of Laura Hwang, Managing Director, Royal Trust Merchant Bank specializes in international banking and project finance throughout the Asia Pacific region.

"As Singapore's first merchant bank, we are very firmly rooted in the business community here," explains Mrs. Hwang. "Now that the rest of the world has discovered the dynamic economies of this region, we are in an excellent position to build investment management services on a regional and international scale."

Formerly known as Arbutnot Latham Asia Ltd, the company became a member of the Royal Trust Group in October 1986. It offers a full range of portfolio management services, syndicated lending and corporate finance. Its most successful unit trusts are the Royal Trust Singapore Growth Fund and Royal Trust Asia Pacific Growth Fund.

It provides advice and finance for turnkey projects, short and medium term loans, revolving credit and trade financing. Such loans are provided through the bank's Asian Currency Unit which also accepts deposits in all major currencies.

These activities are complemented by advisory services in areas such as corporate planning, capital structuring and restructuring, underwriting and private placements, mergers and acquisitions.

"Royal Trust Merchant Bank intends its global investment management services to be the thrust for its growth and expansion into the 1990s," says Mrs. Hwang. Singapore's full range of financial services will certainly contribute to the success of these plans.

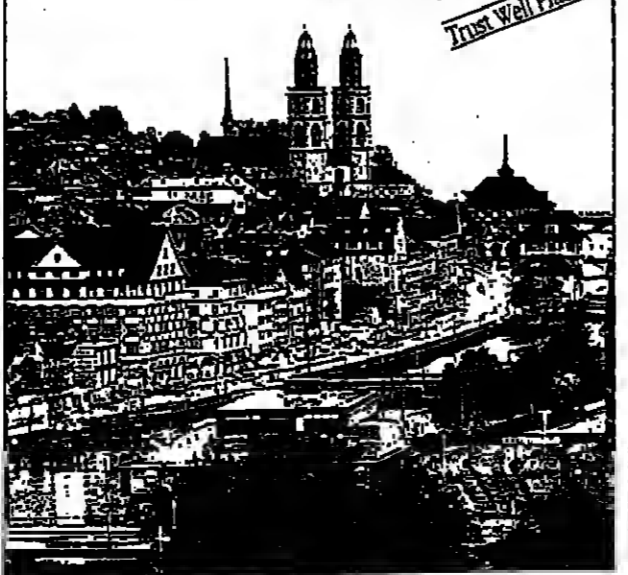
Royal Trust Bank in Zurich

- Private Banking for the discerning International Investor
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- Trust Services
- Loans

ROYAL TRUST

Royal Trust Bank (Switzerland)
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Phone: 01-250 9111

Trust Well Placed



NEW!

A Unique Deposit Account.

That also offers potential Capital Gain!

Your savings in a conventional bank deposit account are safe, reliable and essential — but returns are often modest.

Investment alternatives like unit trusts or share portfolios usually attract heavy administration charges, eating up much of your potential profit.

Now Royal Trust Bank in Jersey offers the private investor a unique and more rewarding choice — the Royal Trust Managed Currency Deposit Account.

Here's how it works:

- To open an account you need to deposit a minimum of £20,000 or US and Canadian \$25,000.
- You then choose your base currency — Sterling, U.S. or Canadian Dollars.
- Royal Trust manages your money, on a discretionary basis, by switching into currencies most likely to appreciate in terms of your chosen base currency.
- Royal Trust will switch minute by minute, hour by hour, day by day between Sterling, U.S. Dollar, Canadian Dollar, Swiss Francs,

Japanese Yen or German Deutschmarks to maximise your net capital gains.

- You will earn interest every day on your entire deposit without deduction of Jersey tax.
- The only charge we make is 0.0625% monthly on your account balance.

Remember, capital gains cannot be guaranteed, but your money will be managed by Royal Trust Bank's own International Money Desk which regularly achieves overall returns well ahead of normal interest rates.

For further information about opening an account call Trevor Wynn on Jersey (0534) 27441 or complete the coupon below.

Royal Trust Bank (Jersey) Limited

Royal Trust Bank (Jersey) Limited is a wholly owned subsidiary of Royal Trust, one of Canada's largest financial institutions with an international AA credit rating comparable with the major Canadian chartered banks. Royal Trust has offices in Canada, Grand Cayman, Hong Kong, Isle of Man, Japan, Jersey, Netherlands, Singapore, Switzerland and United Kingdom.

Trevor Wynn, Royal Trust Bank (Jersey) Limited, PO Box 194, Royal Trust House, Colombe, St. Helier, Jersey, Channel Islands.
Telephone: (0534) 27441 Telex: 4192351 RT JSY G. Fax: (0534) 32513.
Please send me more details on the Royal Trust Managed Currency Deposit Account.

Name: _____
Address: _____

IHT 23-10

Vol.	High	Low	Last	Chg.
AT&T	29 1/2	29 1/2	29 1/2	0
IBM	28 1/2	28 1/2	28 1/2	0
Amgen	28 1/2	28 1/2	28 1/2	0
Amgen	28 1/2	28 1/2	28 1/2	0
Amgen	28 1/2	28 1/2	28 1/2	0

NYSE 4 p.m. volume	312,160,000
NYSE 4 p.m. volume	312,160,000
NYSE 4 p.m. volume	312,160,000
NYSE 4 p.m. volume	312,160,000
NYSE 4 p.m. volume	312,160,000

High	Low	Close	Chg.
Composite	1,825.14	1,825.14	0
Industries	1,825.14	1,825.14	0
Utilities	1,825.14	1,825.14	0
Finance	1,825.14	1,825.14	0

Thursday's
NYSE
Closing
Via The Associated Press

Close	Prev.
Advanced	10
Declined	10
Unchanged	10
New High	10
New Low	10

Close	Chg.	Week	Year
Composite	1,825.14	1,825.14	1,825.14
Industries	1,825.14	1,825.14	1,825.14
Utilities	1,825.14	1,825.14	1,825.14
Finance	1,825.14	1,825.14	1,825.14

Vol.	High	Low	Last	Chg.
CCOR	10	10	10	0
CCOR	10	10	10	0
CCOR	10	10	10	0

Close	Chg.
Bonds	114
Utilities	114
Industrials	114

Close	Prev.
Advanced	11
Declined	11
Unchanged	11
New High	11
New Low	11

Buy	Sell	Chg.
Oct 21	1,415	1,415
Oct 22	1,415	1,415
Oct 23	1,415	1,415

Open	High	Low	Last	Chg.
Indus	1,825.14	1,825.14	1,825.14	0
Utilities	1,825.14	1,825.14	1,825.14	0
Fin	1,825.14	1,825.14	1,825.14	0
Comp	1,825.14	1,825.14	1,825.14	0

High	Low	Close	Chg.
Industrials	1,825.14	1,825.14	1,825.14
Utilities	1,825.14	1,825.14	1,825.14
Finance	1,825.14	1,825.14	1,825.14
Technology	1,825.14	1,825.14	1,825.14

Close	Prev.
Advanced	11
Declined	11
Unchanged	11
New High	11
New Low	11

High	Low	Close	Chg.
28.09	28.09	28.09	-12.95

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div. Yld.	PE	52 High	52 Low	Close	Chg.
29 1/2	29 1/2	AAR					29 1/2	0
29 1/2	29 1/2	APC					29 1/2	0
29 1/2	29 1/2	AMC					29 1/2	0
29 1/2	29 1/2	AMN					29 1/2	0
29 1/2	29 1/2	AMT					29 1/2	0

MARKETS: Dow Drops as 2-Day Rally Falters

(Continued from Page 1)

percentage point, to 9 percent. The move largely followed earlier declines in money market interest rates that had already boosted stock prices. But the fact that the U.S. central bank was again adding liquidity to the money markets on Thursday did help the Dow recover from its lows, dealers said.

The number of losing stocks led gaining shares by about 5 to 1, and volume declined to about 392 million shares from 449.35 million on Wednesday.

In the first hour of trading, the Dow was down as much as 149 points.

It had climbed a total of 289.11 points in the previous two sessions — 186.84 points on Wednesday alone, setting a one-day record.

Among leading blue-chip issues, American Telephone & Telegraph Co. fell 1/4 to 28 1/2, International Business Machines Corp. was off 2 1/4 to 120 and General Electric Co. lost 3/4 to 47 1/4. General Motors dropped 4 1/2 to 58 and Merck & Co., the pharmaceutical concern, shed 5 1/4 to 163 1/4.

Trading quieted in late afternoon, as market participants waited for President Ronald Reagan's press conference. After the market had closed, the House said Mr. Reagan would begin his new conference with a statement on the economy and financial markets.

"People are beginning to climb out of this, but it will be a while before they climb back in," said Eugene Peroni Jr., analyst at Janney Montgomery Scott in Philadelphia.

Mr. Peroni said the market will move between an upper limit of 2,050 on the Dow and a

12 Month High	Low	Stock	Div. Yld.	PE	52 High	52 Low	Close	Chg.
120 1/2	120 1/2	IBM					120 1/2	0
120 1/2	120 1/2	IBM					120 1/2	0
120 1/2	120 1/2	IBM					120 1/2	0
120 1/2	120 1/2	IBM					120 1/2	0
120 1/2	120 1/2	IBM					120 1/2	0

12 Month High	Low	Stock	Div. Yld.	PE	52 High	52 Low	Close	Chg.
114	114	AT&T					114	0
114	114	AT&T					114	0
114	114	AT&T					114	0
114	114	AT&T					114	0
114	114	AT&T					114	0

12 Month High	Low	Stock	Div. Yld.	PE	52 High	52 Low	Close	Chg.
120 1/2	120 1/2	IBM					120 1/2	0
120 1/2	120 1/2	IBM					120 1/2	0
120 1/2	120 1/2	IBM					120 1/2	0
120 1/2	120 1/2	IBM					120 1/2	0
120 1/2	120 1/2	IBM					120 1/2	0

12 Month High	Low	Stock	Div. Yld.	PE	52 High	52 Low	Close	Chg.
114	114	AT&T					114	0
114	114	AT&T					114	0
114	114	AT&T					114	0
114	114	AT&T					114	0
114	114	AT&T					114	0

(Continued on next left-hand page)

MARKETS FACE NEW TURBULENCE: Profit-Taking and Skittishness Dent the Attempted Recovery

Shares Fall in Europe After Wednesday Rally

Compiled by Our Staff From Dispatches LONDON — The recovery in European share prices evaporated Thursday, as many investors unloaded stocks to take advantage of higher prices. News of a missile attack on Kuwait's main oil installation also extended share prices in Europe, causing, by heightening global economic uncertainty, Kuwait blamed Iran for the attack. Although shares in Tokyo ended higher, dealers said the improvement disappointed many European investors. The 225-share Nikkei index was up only 1.9 percent, after gaining a record 9.5 percent on Wednesday. Price swings remained violent and unpredictable. In Britain, the FT-SE index of 100 major shares finished 110.6 points lower on Wednesday. Renewed selling of J.S. shares there before Wall Street opened aggravated the declines across the Continent. Later, New York trading opened with a massive sell-off, which only moderated the losses in the last few hours of European dealings. The Dow Jones industrial average lost 40 points within the first hour of trading, then rebounded. But by 11 A.M. in New York, when most European exchanges were closed, the Dow was still down 43 points. Wall Street's convulsions on Thursday incited new fears that its recovery in the previous two sessions had been illusory. The Dow's 0.27-percent rally on Tuesday supported a worldwide rally in stock prices on Wednesday, when the Dow soared an additional 186.84 points. The Dow plunged a catastrophic 508 points on Monday. But that rally ended Thursday in Europe. Investors are again hesitant and fresh sales are surfacing, a senior firm broker said. "Many believe that new jobs are possible on world markets as the problems which bedeviled Monday's collapse are still hanging" over the global economy. Analysts have blamed the collapse in large part on a lack of confidence in the ability of major industrial countries to deal with their huge trade imbalances and the "sulfuric" conflicts over currency values and interest rates.

London On the London Stock Exchange, the Financial Times-Stock Exchange 100-share index skidded

110.6 points, or 5.7 percent, to 1,833.2 at the close. A late rally that reflected price moves on Wall Street helped cut the loss from 194.7 points about an hour before the close. On Wednesday, the FT-SE index gained a record 142.2 points, or 7.9 percent. At its late-afternoon low, the index was down about 10 percent, its lowest level in about nine months. "A lot of investors are sick of the wild movements on Wall Street and believe that British stocks at this level are a good buy," one analyst said. "But they are still very nervous." One factor heightening concern was the release Friday of Britain's trade figures for September. Britain's current account, the nation's widest measure of trade, registered a \$929 million (\$1.53 billion) deficit in August, and many analysts are expecting another bad number. Dealers said that the market was also unnerved by reports that an influential U.S. stock analyst, Robert R. Prechter, had predicted that Wall Street might find a new low shortly. Mr. Prechter follows the theory of the late Ralph N. Elliott that markets follow predictable waves rooted in human nature and alternate between pessimism and optimism. Volume continued to be huge, with more than \$19 billion shares changing hands up to 3 P.M. The actual number of transactions was more than 78,000, compared with an average 35,000 a day last week and Wednesday's record of 103,680.

Paris French share prices fell in late trading in response to a lower Wall Street, wiping out early gains, dealers said. The main Bourse indicator slipped 2.95 percent in relatively light trading, after having been 0.97 percent higher at midday. The index gained 3.5 percent on Wednesday. That performance, combined with Tuesday's small rally, had recouped part of a nearly 10 percent drop on Monday. "I think 'confused' is the word for it," one trader said. "Nobody seems to know what they're doing anymore."

Frankfurt West German share prices ended an active session with big losses

that approached the worst levels of the day, as foreigners and domestic institutional investors unloaded large holdings, dealers said. Domestic small-scale investors continued to buy but were unable to turn the tide, they added. The Commerzbank index closed 72.40 points down at 1,707.90, a loss of 4.07 percent. It gained 6.64 percent on Wednesday. Milan Italian share prices dropped in early trading on the Milan Stock Exchange, and continued to fall throughout the day, largely because of the declines in other major centers, dealers said. Retail, insurance and financial stocks all performed poorly. The main MIB index was down about 0.6 percent two hours into the session, and ended the day with a 1.30 percent decline. The index had gained 3.93 percent on Wednesday after Tuesday's drop of 4.45 percent. Zurich Swiss shares closed sharply lower on profit-taking and expectations of declines on Wall Street, dealers said. One trader at a major Swiss bank said that many of the sellers had bought shares at Wednesday's lows. The SBC index fell 35.20 points, or 5.54 percent, to 600, effectively erasing Wednesday's gain of 5.7 percent. (AP, Reuters, AFP)



RALLY STALLS IN PARIS — Brokers at the Paris stock exchange shout instructions. Share prices dropped in late trading on Thursday, and the Bourse indicator fell 2.95 percent in relatively light trading, after having been up 0.97 percent at midday.

The Dow Average: Not the Only Indicator, Nor Even the Best

By Cindy Skrzycki and Jerry Knight Washington Post Service WASHINGTON — The Dow Jones industrial average is proving once again that it is not always the most reliable indicator of what the U.S. stock market is doing. The widely watched average of 30 stock prices has become synonymous with the stock market's performance. But in the past few days it repeatedly has climbed more steeply and plunged more deeply than other stock market indicators. While the Dow dropped 22.6 percent on Monday, for instance, the Wilshire 5000-stock index favored by many professional investors was down a little less than 18 percent, the decline in the American Stock Exchange and the Nasdaq National Market indexes came to only about 12 percent.

The Dow rebounded more quickly, jumping almost 6 percent on Tuesday, while the Wilshire bounced back about 2.5 percent and the Amex and Nasdaq charts fell another 9 percent or so. On Wednesday, the Dow Jones average roared back by another 10 percent, outpacing broader indicators that showed daily gains in the 8 to 9 percent range. The disparate performances in stock market barometers reflect not only different methods of measuring the market, but also measures of different markets. Many market experts take the Dow for what it is: a benchmark of what is going on in the narrow strata of the blue-chip companies—even though it is thought of as a universal indicator. "The Dow is a rotten indicator," said Marshall E. Blume, professor of finance at the University of Pennsylvania's Wharton School. "It's one of the worst indicators around."

Critics argue that Dow is tilted heavily toward manufacturing and heavy industrial companies whose importance to the American economy has faded in recent years. Members of the industrial average include such heavyweight companies as Bethlehem Steel Corp., General Electric Co., General Motors Corp. and Texaco Inc. McDonald's Corp. is the only entry from the burgeoning services sector, and the lone financial services representative is Primerica Corp., which has been on the Dow since it was in a different business, as American Can Corp. Besides the narrow composition of the Dow, there are complaints about how it is weighted and calculated. Companies with high stock prices are given more presence in the average while elements such as market capitalization are not taken into account.

In contrast to the 30 stocks in the Dow, the Wilshire Index includes 5,000 stocks. While the Dow was up 10 percent Wednesday, the Wilshire gained 7.7 percent. The Wilshire Index includes all the stocks traded on the New York, American and other exchanges. "It includes everything they can get their hands on," Mr. Blume said. It has not been unusual in the past for the Dow to diverge from the broader market indices that track the New York Stock Exchange and the American Stock Exchange. Its performance Tuesday was a good example of this behavior: The Dow closed up while the Amex and Nasdaq indexes moved down. One reason the charts moved in opposite directions, according to Alden C. Olson, a professor of finance at Michigan State University, was the re-entry of institutional buyers and individuals into the market in buy-down-listed stocks after Monday's scare.

Asian Markets Off In Profit-Taking

Compiled by Our Staff From Dispatches HONG KONG — A partial recovery on Asian financial markets sputtered on Thursday as stock prices on exchanges from Tokyo to Singapore rose sharply and then, just as quickly, gave up most of their gains. In Japan and Australia, the largest regional markets, early buying strength gave out in the afternoon and prices retreated lower at the close. A similar turn took place in New Zealand. On the Tokyo Stock Exchange, the Nikkei stock average of 225 selected shares fell back in shaky afternoon trading to 24,404.45, up 457.05 yen for the day. The index had been ahead by as much as 1,033 yen in the morning. Market analysts attributed the drop to profit-taking. Earlier in the day, when Tokyo prices were registering strong gains, brokers had said investors were encouraged by Wall Street's seeming strength, lower commercial interest rates in the United States and the Federal Reserve Board's action to add liquidity to the market. In Sydney, nervous selling slashed early record gains. The All-Ordinaries index dropped back to a gain of 59.4 points, or 3.7 percent, after soaring 150 points in the first 45 minutes of trading. At the close, the index stood at 1,627.6. In Wellington, New Zealand's stock market rally petered out as fresh nervousness hit investors. The Barclays index of the top 40 stocks ended the day down 5 points at 3,034 after being 16 points ahead

Hong Kong Seeks Help on Troubled Stock Futures

Agence France-Press HONG KONG — The Hong Kong government said Thursday that it had asked Hambros Bank Ltd. of Britain for advice on problems in the stock-index futures market, where trading was halted on Tuesday. In trading circles, there were rumors that the Hong Kong Futures Exchange had asked the government for 2 billion Hong Kong dollars (\$250 million) to rescue the market. Monday's slump on the local market prompted dealers in Hang Seng Index futures to issue margin calls. Futures brokers fear that stockbrokers and speculators may not be able to pay up. A speculator who bought one contract last Friday with a 15,000 dollar deposit would have faced a 21,000 dollar loss by the close of trading Monday. At that time, more than 36,500 Hang Seng Index futures contracts, with an implied value of 6.14 billion dollars, were outstanding. half-way through the trading day. In Malaysia, a wave of selling drove share prices down Thursday towards their previous closing levels on the Kuala Lumpur Stock Exchange. The afternoon selling halted the morning's gains and prices settled only 10 percent above Tuesday's finish. Most stocks, which shed an average of 25 to 30 percent of their value Tuesday, had recouped up to a third of their losses in the morning session. The exchange was closed Wednesday for a public holiday. Taiwan share prices closed sharply lower but in Manila, prices finished higher. In Singapore, stock prices rallied, although renewed selling interest surfaced in the afternoon session. The Straits Times industrial index regained 124.14 points to end at 1,083.64, its biggest one-day advance. On Tuesday, the index plunged a record 261 points. (AFP, Reuters)

Bonds Surge on Continuing Flight From Stocks

NEW YORK — Prices of U.S. government securities rose as much as 3 points on Thursday in hectic trading, as investors continued to lock to the safety offered by government-backed paper after renewed declines in U.S. share prices, dealers said. "It's been wild," said Ken Dagal of Kleinwort Benson Government Securities Inc. "It's been the most active week I've seen in my life." Dealers said prices were further bolstered by news that Citibank and other major U.S. commercial banks had cut their prime lending rates a quarter point, to 9 percent. Also, dealers cited cautious optimism that Washington policy makers will act to trim the U.S. budget deficit. Analysts have said that the government borrowing to finance the budget deficit has put upward pressure on interest rates, thus automatically depressing bond prices. The Dow lost 140 points in the first hour of trading before rebounding. It closed later with a loss of 77.42 points.

The government's benchmark 30-year bond closed at 97 17/32 after finishing at 94 10/32 on Wednesday. The rise of about 3 1/2 points, or \$32.50 for each \$1,000 face amount, brought the yield tumbling to 9.11 percent from 9.45 percent on Wednesday. The decline in stock prices followed reports that one influential investment stock strategist, Robert R. Prechter, had forecast further sharp declines in share prices and news that a Kuwaiti offshore oil terminal had been hit by a missile. "The flight to quality is one of the main reasons why our market is rallying," said one dealer, explaining the rise in government bills, notes and bonds. Dealers predicted that purchases of government securities would continue, particularly at the shorter end of the market, with the biggest beneficiary likely to be bills, which mature within one year. The credit markets rose sharply on the reports that Mr. Prechter had predicted the Dow would fall to 1,300. It had closed at 2,027.85 on Wednesday. Traders familiar

with the forecast said Mr. Prechter predicted that stock prices would initially fall through the lows reached on Monday — when the index fell 22.6 percent to 1,738.74 — and then stage a comeback at 1,300. Through a spokesman, Mr. Prechter refused to comment on the reports. The U.S. central bank, meanwhile, added reserves to the banking system via four-day customer repurchase agreements. The Federal Reserve Board entered the money market an hour earlier than usual, in an apparent effort to calm the financial markets. Nonetheless, federal funds, the overnight reserves that commercial banks trade among themselves, closed higher at 7.25 percent, up from 6.875 percent in early trading and Wednesday's average of 6.47 percent. Three- and six-month bill yields rose above their lows, finishing at 5.32 percent and 6.04 percent, after 5.62 percent and 6.24 percent at Wednesday's finish.

Economists continued to debate whether the slump in stock prices reduce consumer spending and slow the economy, thereby bolstering bond prices. Elias Bikhazi, an economist at Security Pacific National Bank, said the economic fundamentals are largely unchanged following the dramatic swings in both stock and bond prices. Income, not investment, is the most important factor in consumption, Mr. Bikhazi said. "Unemployment at 5.9 percent and steady employment gains should sustain consumption," he said. "We acknowledge that there will be an impact on consumption, but we're not prepared to say it's a recession," he said. But market perceptions of a recession and a continued flight to quality should support long-term bond yields at around 9.50 percent until year-end, Mr. Bikhazi said, although he does not see much improvement from the current lower yield levels.

POLICY: A Turning Point

(Continued from Page 1) Countries needed an expansion of the money supply in order for their economies to grow. "As in 1981," he continued, "the Fed thought inflation was the problem and has raised interest rates in recent months. Investors always sell stocks when they see a Federal Reserve policy of higher interest rates." The stock market's tumble came analogously as James C. Miller, director of the Office of Management and Budget, was saying that "we have had tremendous success" in reducing the federal budget deficit. The deficit, which soared to a record \$220.7 billion in the fiscal year 1986, narrowed to \$155 billion in fiscal 1987, which ended three weeks ago, he said. The deficit figure, which may well be as high as \$150 billion, will be made public next week. A major reason for the decline in the budget deficit was an unexpected surge in revenues. This one-time bonus occurred partly because many people sold stocks and other assets late last year before the rate of long-term capital gains was raised by the new tax law. But economists say stock market gains are still concerned about the deficit for the current fiscal year, which, according to the Congressional Budget Office, would exceed \$180 billion if current spending and tax policies continued.

Bonn's Theory: Solutions Lie in U.S. West Germans Say There Is Little They Can Do

By Serge Schmemmann New York Times Service BONN, Germany — Although the West German government and central bank moved quickly this week to placate Washington publicly, few analysts or officials thought there was anything West Germany would or could do to alleviate the squeeze on the United States. As the markets continued to gyrate, analysts said they suspected the maelstrom of recent days would only confirm the West Germans in their antipathy to risk and instability, rather than make them receptive to Treasury Secretary James A. Baker 3d's demands that they stoke up their economy. Many experts acknowledged that the West German economy did need some loosening. But none saw any quick or painless fix for the United States' huge debt and poor balance of payments, and few thought Bonn would ever agree to stimulate its economy to a level that would make any difference. The answer to America's problems, most seemed to think, was in America. "The United States has basic problems, and if I were a politician I would also try to put the blame somewhere else," said Meinhard Miesel, director of the Institute for Economic and Social Policy in Bonn. "They blamed Japan, then Europe in general, then West Germany in particular, and I don't know where next. But the problem will not change." That view was echoed in many other comments and editorials after Mr. Baker's warning last Thursday that unless West Germany stopped raising interest rates and took measures to stimulate its economy, the United States might let the dollar slide lower, hurting German exports. Though it was unclear what role the comments had in the stock market chaos that followed, the fears they raised of U.S.-West German arguing and dollar devaluation were seen as one of the catalysts. The basic West German criticism is of Mr. Baker's premise that the United States' trading partners, and first of all West Germany and Japan, have an obligation to stimulate their economies so that they could start absorbing more American goods and so ease the trade imbalance. The daily Frankfurter Allgemeine Zeitung called the premise a "vision" long fostered by Washington and "every time this vision is disturbed from the outside, this is seen as an unfriendly act by Washington." "But the real question," the paper added, "is whether the vision is realistic." Beyond the merits of Mr. Baker's thinking, his demands on the Germans to stimulate their economy clashed with a deep-rooted fear of inflation and economic instability, a fear that permeates all West German economic policies.



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Company Results table with columns for company name, quarter, revenue, net income, and per share values. Includes companies like American Telecom, Alberto Culver, Chase Manhattan, Goodyear Tire, Michigan National, etc.

BankAm Swung to a Profit Of \$53 Million in 3d Period

The Associated Press SAN FRANCISCO — BankAmerica Corp., which is seeking to reverse big losses, said Thursday that it earned \$54 million in the third quarter, compared with a net loss of \$23 million in the corresponding period last year.

Financial GRAND PRIX 1987 logo with text 'Organized under the patronage of the Commission of the European Communities and the supervision of Arthur Andersen & Co. S.C.'

DO YOU RANK AMONG THE 100 BEST TRADERS IN THE WORLD?

The world-wide computer real time simulated stock and option trading contest, organized by CONSOLIDA Financial Services (Switzerland) from November 9, 1987 till January 15, 1988, will answer this question.

Salomon's Net Off.

NEW YORK — Salomon Inc., the investment banking giant, said Thursday that its third-quarter net profit plunged by 79 percent to \$27 million. It also said its previously announced restructuring would entail a pretax charge against fourth-quarter earnings of \$60 million to \$70 million.

LONGINES advertisement featuring a watch image and text: 'Conquest VHP in titanium and gold', 'Uhren-Bijouterie Turler Paradeplatz, 8001 Zürich'.

GT STOCK FUND GT WORLD FUND advertisement with address: 2, Boulevard Royal, 2953 LUXEMBOURG.

Chemical Bank Home Loans advertisement: 'Special Terms for UK Mortgages * 100% mortgages for expatriates * highly competitive rates'.

The Big Oversight of '87 And The Next Huge Gains advertisement: 'When wheat was bottoming below \$2.60 per bushel last summer, Indigo kept calling it for a strong advance...'.

GT INVESTMENT FUND S.A. advertisement listing various funds like EUROPE FUND SICAV, DEUTSCHLAND FUND SICAV, etc.

NOTICE TO SHAREHOLDERS advertisement: 'In view of the current uncertainty in the world stock markets the Board of Directors of GT Stock Management S.A. and of GT World Management S.A. resolved...'.

Indigo advertisement: 'INDIGO INVESTMENT S.A. Avenida Palma de Mallorca 43, 29620 Torremolinos, (Malaga) Spain. Telephone 34 52 389600 - Telex 79423.'

NZI Corporation Limited advertisement: 'Results for the year ended 31 March, 1987' with financial data table and text: 'Extracts from the Chairman's Address to the Annual General Meeting held in Auckland on Monday, 10 August 1987.'

LVMH MOÛT HENNESSY . LOUIS VUITTON advertisement: 'INITIAL LISTING ON OCTOBER 23, 1987' and details about the merger of Moët Hennessy and Louis Vuitton.

Thursday's AMEX Closing

Tables include the notional prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High Low Stock, Div. Yld. PE, Bid, Ask, High Low, Close, Open, Change. Lists various stocks and their prices.

Table with columns: 12 Month High Low Stock, Div. Yld. PE, Bid, Ask, High Low, Close, Open, Change. Lists various stocks and their prices.

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INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 22nd Oct. 1987

Not every value quotation is supplied by the Funds listed with the exception of those whose names are preceded by an asterisk. The numerical values indicate the frequency of quotations: (1) - daily; (2) - bi-monthly; (3) - quarterly; (4) - bi-annually; (5) - annually.

Large table listing various international funds with columns for fund name, currency, and other details.

Table listing 'Other Funds' with columns for fund name, currency, and other details.

Floating-Rate Notes

Table listing floating-rate notes with columns for issuer, coupon, bid, and ask prices.

Table listing various international funds with columns for fund name, currency, and other details.

Table listing floating-rate notes with columns for issuer, coupon, bid, and ask prices.

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Table listing floating-rate notes with columns for issuer, coupon, bid, and ask prices.

As Australia Dollars; BF - Belgium Francs; C\$ - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; Lit - Italian Lira; L\$ - Luxembourg Franc; S\$ - Swiss Franc; Y\$ - Yen; £ - Pound Sterling; Other prices in US Dollars. * - Not Commissioned; N.A. - Not Available; S.S. - Suspended; S/S - Stock Split; E - Dividend; Ex - Ex-Dividend; P - Premium; P/B - Price/Bid; P/A - Price/Ask; P/B/A - Price/Bid/Ask; P/B/A/S - Price/Bid/Ask/Sell; P/B/A/S/O - Price/Bid/Ask/Sell/Offer.

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MARKETS FACE NEW TURBULENCE: Dollar Continues to Hold Its Ground

Dollar Steady After Early Fluctuation

NEW YORK — The dollar closed barely changed Thursday in New York after a day of extremely nervous, wild trading. Dealers said the currency was rocked by a renewed fall in U.S. stocks and by cuts in the prime rate by many major U.S. banks. The dollar recovered substantial early losses on position-taking before President Ronald Reagan's press conference on the economy and markets on Thursday night. "He will try to calm down the markets," one dealer said. "But I don't expect any concrete measures."

London Dollar Rates table with columns for Currency, Bid, and Ask prices for Deutsche mark, Swiss franc, and French franc.

afford to let the dollar go down," while the stock market is fragile and some foreign investors are trying to get out of dollar assets. On the other hand, a U.S. bank dealer said, some U.S. securities houses were pulling back their foreign assets to increase liquidity in order to meet the financial markets' crisis. "Capital flow is very confusing today," he said. Earlier, in London, the dollar closed on a relatively steady note but below its opening levels. The rally on Wall Street and some short-covering enabled the currency to recoup most of the losses sustained after the U.S.

Fed Reports M-1 Fell \$3.7 Billion In Latest Period

NEW YORK — M-1, the narrowest measure of the U.S. money supply, fell \$3.7 billion to a seasonally adjusted \$753.7 billion in the week ending Oct. 12, the Federal Reserve reported Thursday. The previous week's M-1 level was revised to \$757.4 billion, while the four-week moving average of M-1 rose to \$751.1 billion from \$750.9 billion. M-1, the most basic measure, includes cash in circulation and checking accounts and non-bank traveler's checks. The average forecast of economists polled by Reuters was that M-1 would fall \$3.4 billion in the latest reporting week.

For Commodity Traders. A Week Like No Other

By William E. Schmidt New York Times Service CHICAGO — Herbert Malkin has had trouble sleeping this week. He woke up at 3 A.M. Tuesday and at 4 A.M. Wednesday, worried whether the trades he had made the day before on the floor of the Chicago Mercantile Exchange would hold up in the morning. "You're scared all the time," said Mr. Malkin, a 51-year-old independent trader who has worked the exchange here for 13 years. His voice was hoarse from Wednesday's eight hours of shouting buy and sell orders in the trading pit. He said he managed to make it through Wednesday in good financial shape, adding that "all the people you see down here today are the survivors."

futures in the Standard & Poor's 500-stock index. In playing that index, traders on the exchange are buying and selling futures based on the price of a broad portfolio of stocks. As stocks fell Monday, so did the value of the futures, leaving many traders badly exposed. Robert Berman, a 27-year-old independent trader who has been working the Merc for four years, said the trading pits had been less crowded than usual the last few days, either because losses forced traders out of the market or, like him, they had decided to sit out. Mr. Berman spent much of the day standing at the edge of the pits, watching the tumult but not bidding. "I knew on Monday it was time to get out," he said. "It's like you're in a \$25 blackjack game in Las Vegas, and all of sudden you discover you're playing on a \$500 table. The stakes are just too high."



Investors shopping for prices at Fidelity Investments, a commodities firm, on Park Avenue in New York City.

FRAGILE: Apprehension Level Still Sky-High on Street

(Continued from Page 1) Groveman, chief equity trader at Ladenburg Thalmann & Co. Many analysts actually expressed concern about the market's regaining all its losses too quickly. A climb straight up, they reasoned, sets the stage for another collapse because it takes pressure off policy makers to address the budget deficit, considered by many the chief culprit behind Monday's drop. Given this predisposition to believe the worst about the market, what happened in the first half-hour of trading Thursday came as no surprise to many experts. Rumors swept through the market that Robert R. Prechter, the well-known market timer, said the mar-

ket was ripe for another downturn. In many ways, it proved a self-fulfilling prophecy. Institutions sold, traders panicked and the Dow dropped. At midday, some analysts conceded they did not know all the details of Mr. Prechter's pronouncement. His spokeswoman said he had no comment. "There are many nervous people and they are clutching at straws," said Mr. Groveman. "The reports were enough to turn people into sellers." Added Shearson's Mr. Sherman, "the mood amplifies everything."

Such knee-jerk responses are nothing new. But in times of market turbulence, rumor and innuendo gain more credence. This is especially true now as the stock market tries to regain solid ground after Monday's historic plunge. "We're in a new ball game," said Mr. Groveman, who like other professional traders has stopped buying and selling for his firm's own account until the market calms down. "The crack on Monday has changed the rules." One of the most significant rule changes involves volatility. In the next few days, experts caution that wide trading swings within a single day will be common, as will gains and losses of 100 or more points on the Dow. Exactly when the market will overcome its nervousness is impossible to predict at the stage.

TOLL: Traders Are Left Frazzled

(Continued from first finance page) going on around them, and their tendency is to withdraw and stop calling their clients," said Michael Howe, research director at Butcher & Singer. "So we have put no concerted effort to make our older brokers, who are emulated by the younger ones, aware that there is this tendency for paralysis," he said, "and they are egging the younger brokers on to keep at their job." Perrin Long, a veteran market analyst, noted that more than 50 percent of the nation's brokers have only been brokers since 1980 and that until this month, there had been only one downturn of notable magnitude — in 1984. "So, it's no wonder they are immobilized," he said.

Psychologists agree with that strategy. "You do the best to assure them that it's not the end of the world, that it happened because of technology," said Maury Elvekov, a psychologist and partner in Seger Elvekov, a money management company in Birmingham, Michigan. "It's not that the earth opened up and swallowed them. They should try to be calm and relax." Brokers are discovering that the emotional response to the market tumult is largely general. "Our young people particularly seem to be mesmerized by what's

Thursday's OTC Prices NASDAQ prices as of 3 P.M. New York time. Via The Associated Press

Table A: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table B: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table C: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table D: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table E: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table F: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table G: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table H: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table I: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table J: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table K: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table L: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table M: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table N: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table O: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table P: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table Q: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table R: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table S: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table T: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table U: OTC prices for various stocks including ABB, ABB, ABB, etc.

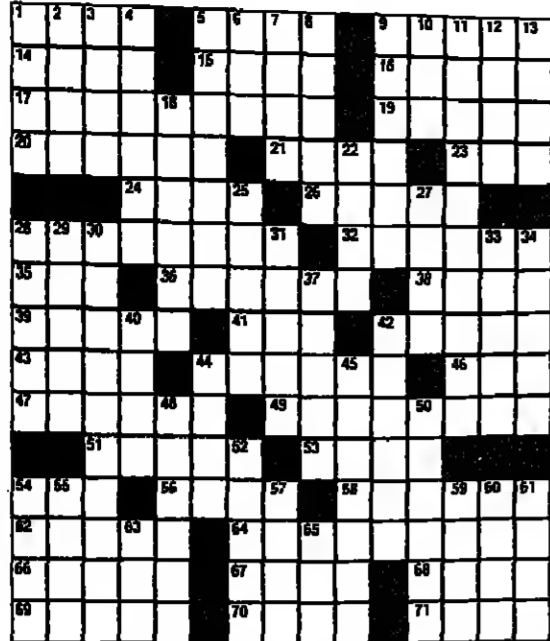
Table V: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table W: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table X: OTC prices for various stocks including ABB, ABB, ABB, etc.

Thursday's AMEX Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table Y: AMEX closing prices for various stocks including ABB, ABB, ABB, etc.



ACROSS
1 Fish or cut this
5 Dada, for one
9 Like a tritone
14 ... take
15 Kind of rug
16 Indy 500
17 HEADLESS HORSEMAN
19 Intelligence man
20 Main or mill follower
21 Hoarfrost
23 Stick for Roger McDowell
24 Site of ancient Olympic games
26 Glacial mass
28 Made melan-
32 Harry Warren song, 1942
35 Stout
38 Approached
39 Autocrat
39 Slow one's own horn
41 Sesame
42 "Semper Paratus," e.g.
43 Swat was his sultanate
44 Beginner
46 Bud's comedy partner
47 Stick fast
49 Greedy
51 W.W. II letters
53 Deseri regions
54 Turkish title
56 Blackhead
58 Start again
62 Many Comb-form
64 BOUNDLESS ENERGY
66 ... colleague
67 One way to break
68 Cartel est. in 1960
69 "Blue Shoes," 1956 song
70 Caesura
71 Secretary of a sort
DOWN
1 Single dils. dgs
2 In ... imired in (row me)
3 Roman way
5 Red color
6 Ahndor's (deteriorate)
7 Albany's father-in-law
8 Ancient city of Egypt
9 A Sitwell
10 Black cuckoo
11 TOPLESS DANCE
12 At any time
13 Kind of bank
18 Special ability
22 Western lake
25 Former treaty
27 Voice range
28 Native-born Israeli
29 Vocally
30 BOTTOM-LESS PIT
31 Shot for Tway
33 Squelched
34 Dolly Varden, e.g.
37 Beethoven's "Für ... "
40 Noah's eldest
42 Corporate union
44 Diamond of rock
45 Fruit for jelly
48 "Phidre" dramatist
50 Crustacean with seven pairs of legs
52 Weeper, proverbially
53 Second of a Latin trio
54 Conciliatory one
59 "Windsor Forest" poet
60 Flock group
61 Turtle chaser
63 Koppel or Turner
65 Colic article

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"WHEN I GROW UP, I'M GOING TO MARRY A NEWSPAPER MAN." "FIRST YA BETTER MAKE SURE HE KNOWS HOW TO HIT THE PORN."

JUMBLE THAT SCRAMBLED WORD GAME
Unscramble these four jumbles. One letter to each square to form four ordinary words.

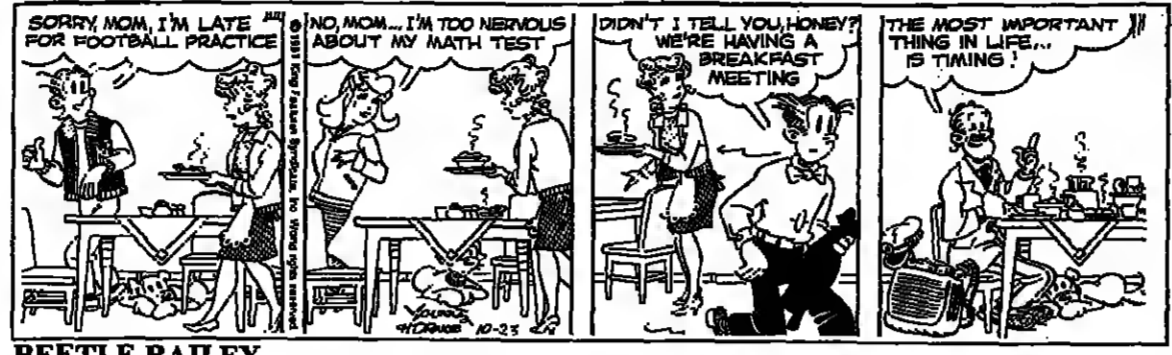
COEMA, TAGOL, BITTID, ZEFRYN. THE BOOKIE FELL ON HARD TIMES BECAUSE HE DIDN'T KNOW THIS.

WEATHER
EUROPE HIGH LOW
ASIA HIGH LOW
AFRICA HIGH LOW
LATIN AMERICA HIGH LOW
NORTH AMERICA HIGH LOW
MIDDLE EAST HIGH LOW
OCEANIA HIGH LOW

PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



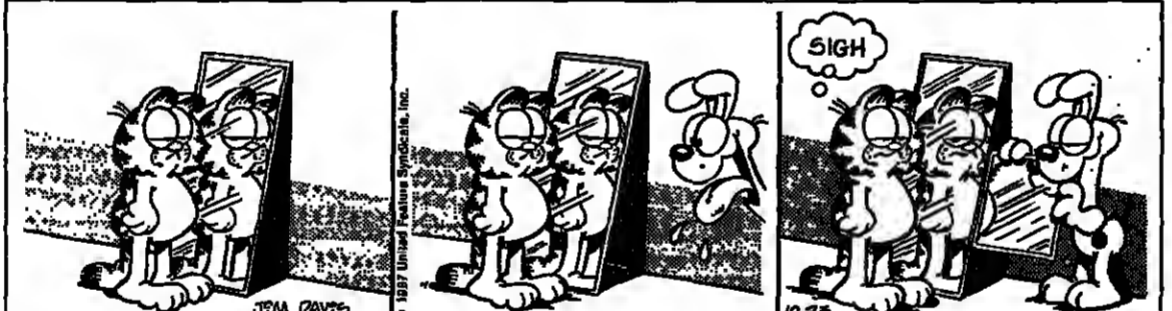
WIZARD OF ID



REX MORGAN



GARFIELD



BOOK BRIEFS

IN THE JAWS OF HISTORY. By Bill Diem with David Chanoff. Houghton Mifflin, 2 Park Street, Boston, Mass. 02108.
The title of this book really should be "How a big power treated a little civil country so cavalierly and, in the end, so brutally, or least that's the way I feel about it and here's my life story as evidence." If you wonder what the United States is doing today in Nicaragua or the Gulf or somewhere else, you'll find this book both intriguing and troubling. For the longtime clash between American idealism and American geopolitics has had, and still has, general application far beyond Vietnam, no matter what administration is in power in Washington.

COYOTES: A Journey Through the Secret World of America's Illegal Aliens. By Ted Conover. Vintage Departures/Randome House, 201 East 50th Street, New York, N.Y. 10022.
The title of Ted Conover's absorbing new book is really something of a misnomer, for "coyotes" refers to the smugglers who ferry Mexican workers across the border for a few hundred dollars, says one informant. "San Antonio" Four hundred fifty L.A., seven hundred by envoy-at-large until 1975. It was an American-Vietnamese "ill-fated symbiosis," Diem writes. And probably this is the best evidence yet of why.

Forty Stories. By Donald Barthelme. The Putnam Publishing Group Inc., 200 Madison Avenue, New York, N.Y. 10016.
"Forty Stories" is a collection that comprises 1981 "Stinky Stories," although there is a handful of stories here that could have been included in the earlier book but were omitted at the author's discretion. It hardly matters, since the stories of the present volume insist on being read as extensions of the earlier book, and none of them can be intelligently read as discrete examples of the author's talents. This is a stint as a coyote. He worked alongside Mexican laborers in the citrus orchards of Arizona and Florida, where he learned the rigors of working 65 to 70 hours a week, filling sacks (each 80-pound bag of lemons brought in \$1.15; each bag of oranges, 63 cents). And he also journeyed to central Mexico to visit his colleagues' hometowns and to speak with the women and children they left behind.

BRIDGE

By Alan Truscott
THE defending champions in the Venice Trophy contest for women's teams is missing from this year's world championships in Ocho Rios, Jamaica. The British team that won two years ago in São Paulo, Brazil, failed to qualify in the European championships, and that zone will be represented by France and Italy.
On the diagrammed deal the French defenders, Bénédicte Cromier and Hélène Bordenave, took advantage of an error by the declarer in a contract of three no-trumps not Stayman. The three-club bid by North was not Stayman; but Baroo, calling for the opener to bid his suits "up the line." Three no-trump therefore showed at least four clubs, and denied length in the other three suits.

World Stock Markets
Via Agence France Presse Closing prices in local currencies, Oct. 23.
Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Paris, Sao Paulo, Tokyo, Zurich, etc.

Market Closed
The stock market in Hong Kong was closed Thursday.
N.Y. (not quoted) N.A. (not available); 20:00-01:00:00

SPORTS

Billy, Lou and George: This Could Be Strange

Steinbrenner, His New Manager and GM Aren't Necessarily Made for Each Other

By Murray Chass New York Times Service
ST. LOUIS — When George Steinbrenner makes changes in the front office, the Yankees usually have a bizarre name...

NEWS ANALYSIS

Steinbrenner spent much of this past season "backstabbing" him in conversations with Steinbrenner. Piniella told everybody that Billy backstabbed him...

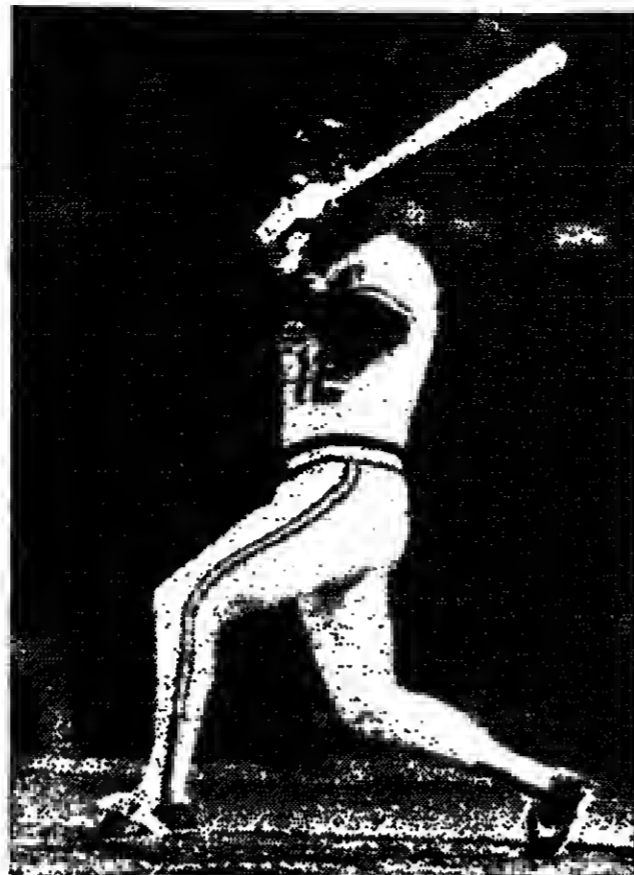
"worst judge of talent" and put him in a position where he must constantly judge players' abilities? Only with the Yankees...

Piniella will not be exempt from the Steinbrenner treatment. All of the Yankees' general managers have been punished for things some might deem inconsequential...

After an exhibition game in another spring training, Steinbrenner stood in the parking lot loudly berating Cedric Tallis before onlookers...

When Steinbrenner asked Clyde King to be the general manager, he agreed to King's condition that he be permitted to spend time at home in North Carolina...

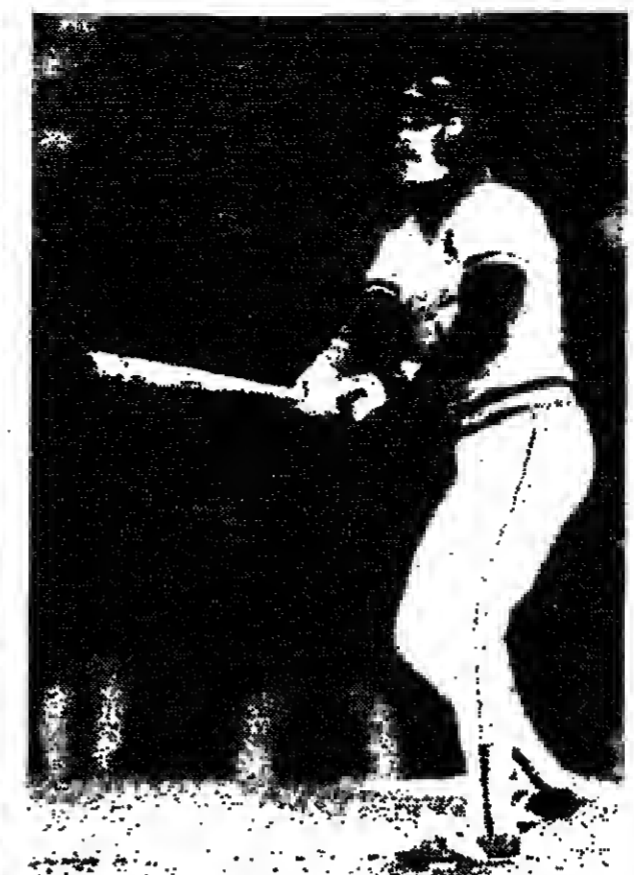
Woody Woodward was the latest general manager to endure the owner's special treatment. During the All-Star break in July...



Tom Lawless, light-hitting St. Louis utility man, clouting a decisive three-run homer in the fourth game of the World Series.

For O-Homer, O-RBI Man, a Second of Immortality

By Thomas Boswell Washington Post Service
ST. LOUIS — One, two, three, four, five, six, seven, eight casual loving little steps is how many Tom Lawless took toward first base before he fired his bat in the air...



Vince Coleman making a diving catch to end the Twins' fifth, stranding two baserunners.

Transition

TORONTO — Exercised his options for 1988 on the contracts of Jimmy Key, pitcher, and Rick Leach, outfielder. Purchased the contracts of Glenallen Hill, outfielder, from Steve Silverman...

Cardinals Win, 7-2, Squaring Series With Burst of Power

By Joseph Durso New York Times Service
ST. LOUIS — Outgunned and outscored in the World Series, the St. Louis Cardinals finally found their long-lost striking power...

It was the closest thing to an offense that the Cardinals had generated in 11 postseason games, and scored only eight runs in the first three games of the Series...

One out later, Viola walked Vince Coleman and was gone. He had pitched only 3 1/2 innings, which matched his shortest performance of the American League season...

RIDGE

CRUNCH — Claude Lemieux slams Toronto's Todd Gill into the boards in Montreal's 10-3 NHL victory.



CRUNCH — Claude Lemieux slams Toronto's Todd Gill into the boards in Montreal's 10-3 NHL victory.

I Was an NFL Scab, Says West Virginian, Proudly

CHESTER, West Virginia — His peer through his living room window, hoping to get a look at the public's attention...

SCOREBOARD

Baseball
World Series
MINNESOTA ST. LOUIS
Game 4 Summary

Hockey

NHL Standings
WALLES CONFERENCE
Pacific Division

Gymnastics

World Championships
WOMEN
Individual Finalists

ESORTS & GUIDES

INTERNATIONAL CLASSIFIED
(Continued from Back Page)

ESORTS & GUIDES

INTERNATIONAL CLASSIFIED
(Continued from Back Page)

ESORTS & GUIDES

INTERNATIONAL CLASSIFIED
(Continued from Back Page)

ESORTS & GUIDES

INTERNATIONAL CLASSIFIED
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Gymnastics

World Championships
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ESORTS & GUIDES

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INTERNATIONAL CLASSIFIED
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ESORTS & GUIDES

INTERNATIONAL CLASSIFIED
(Continued from Back Page)

POSTCARD

Seoul's Pre-Olympic Air

By Fred Hiatt
Washington Post Service
SEoul — It takes a visitor no time at all to see that Seoul is no longer the struggling capital of a desperately poor Third World country.

But a visitor may soon be reminded that, on the other hand, this isn't Baltimore or Tulsa, either. The old women roasting snacks of silk-worm chrysalis provide a clue. So do the carts of pressed-squid snacks and the open-air acupuncturists.

Beneath the Kyobo Building, where many of the West's most powerful banks and other financial houses have set up shop, a woman earns her living with two little birds in a cage and a box of fortunes. If you drop 100 won (about 12 cents) in the cage and tell the birds your birthday, one of them will hop out through the bars, pick up a fortune with its beak, and hop back into its cage.

AT dusk in Seoul, as in many Asian cities, the street stalls appear, offering dumplings or shellfish under a naked light bulb. In this city of drill bits and hard work, though, some of the stalls offer more: a 19-inch Samsung or Goldstar color television to entertain patrons as they slurp their noodles.

Brodsky: A Poet's Language

By David Remnick
New York Post Service

NEW YORK — Only those Russians who have read Joseph Brodsky's books in underground editions or attended his legendary readings in the communal apartments of Leningrad before the government exiled him 15 years ago as a "social parasite" know the unique pitch of his voice and his turn of mind, his "Elegy for John Donne" and "Lullaby of Cape Cod."



Brodsky (right) hugs his publisher, Roger Strauss, on hearing news of winning the Nobel Prize in Literature.

are dead. Brodsky would like to see a few friends from Leningrad but "quite frankly I'd rather they came here to see me."

"I don't believe in that country any longer. I'm not interested. I'm writing in the language, and I like the language. . . . When Thomas Mann arrived in California from Germany, they asked him about German literature. And he said, 'German literature is where I am.' It's really a bit grand, but if a German can afford it, I can afford it."

Brodsky was the son of middle class Jewish parents. His father was discharged from the navy, Brodsky says, "in accordance with some seraphic ruling that Jews should not hold substantial military rank."

Dostoyevsky, Frost and Auden among his favorites. He worked as a stoker, a photographer, a sailor, as a biologist's assistant. He worked with the dead. "I had this fantasy of becoming a neurosurgeon, but I wanted to be a neurosurgeon for some reason. So I started in this unpleasant way. I was an assistant to the coroner, opening up corpses, taking the brains out."

He is famous in New York not only as a poet, but as a romancer and a literary celebrity not-quite-in-spite-of-himself. He can be helpful to his émigré friends, but he can play nasty politics, too, recommending that a publisher not bother with Vasily Aksyonov's novel, "The Ban."

Language is the house Brodsky lives in. Language is what he lives for. "What really motivates me is specially my sense of the Russian language. It lives in my own life within me and sometimes just yanks you off to the surface, seethes. As he writes his poems, he ensures that no oppressor, no heart attack, even the last one, can defeat him in the end."

PEOPLE
Audrey Hepburn Fêted

A glittery gathering of stars, socialites and royalty gathered to honor Audrey Hepburn at a black-tie tribute at the Museum of Modern Art in New York. Wednesday's dinner, which included highlights of the 58-year-old actress's film career, benefited the museum's Film Preservation Fund, which supports the restoration, care and storage of 9,000 films in its archives.

"I was quite happy in Arkhangelsk," he says, "because, well, you see, I used to live in communal apartments, all the time. I'm not trying to be ridiculous or funny, but it was rather pleasant to find yourself in isolation, in solitude."

After 18 months of protests from artists inside the country and abroad, Soviet officials let Brodsky come home to Leningrad. The harassments, though, continued and he could not publish or travel abroad.

Finally, in 1971, Brodsky received two separate invitations to emigrate to Israel. Though Jewish, Brodsky has never been observant or a reformist. When the Ministry of the Interior asked Brodsky why he did not accept the invitations the poet said he had no desire to leave the Soviet Union. He was then told that if he valued his life, he would go. On June 4, 1972, he was put on a plane to Vienna. There he was met by the late Carl Proffer, founder of Ardis Publishers and professor of Russian literature at the University of Michigan, who arranged for a meeting with W.H. Auden and for a job in Ann Arbor as poet in residence.

Sept. 16, leading tabloid newspapers to speculate the marriage was in trouble. Buckingham Palace has refused comment, but friends of the royal couple have been quoted as saying the Prince of Wales returned to the royal family's Belmoral estate in Scotland and Diana moved to London for a charity auction. . . . Twenty-three years after their last visit in Quebec triggered separatist protests, Queen Elizabeth and Prince Philip arrived for an official visit in the provincial capital. The royal couple were greeted at the airport by Premier Robert Bourassa and Lieutenant Governor Gilles Lamontagne on the final stop of a 16-day tour of Canada. The queen's visit to Quebec City is her first since 1964, when police clubbed separatist demonstrators in an incident known as "Trouche Saturday."

The producer-director Stanislaw Kramer has returned from Poland where he made arrangements for a film biography of Lech Walesa, leader of the outlawed Solidarity labor union. Kramer's publicist said Wednesday.

Jack Lemmon, whose roles have ranged from the slapstick of "Some Like It Hot" to the drama of "Save the Tiger," was named Wednesday as the recipient of the American Film Institute's Life Achievement Award. Lemmon, 62, will receive the award during a televised ceremony March 10 in Los Angeles.

The polyester craze that put clammy, clinging no-iron shirts on many an American back in the 1970s has made it to the nostalgia class. "I sometimes wonder when I look at these things who would ever have enough nerve to wear them," said Jeff Erick, a graphic artist who owns most of the 200 shirts that go on exhibit Friday at the Museum of Modern Mythology in San Francisco. The shirts include some of the kitschiest designs ever to appear on fabric, including renditions of Disney characters in works of art like "Blue Boy" and "Whistler's Mother." Erick, 35, said he began collecting polyester shirts two years ago. "I tried to think of something nobody else cared about."

TODAY'S INTERNATIONAL REAL ESTATE MARKETPLACE
Appears on page 6

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